

## CONFIDENTIAL

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

CYPRESS HOLDINGS, III, L.P.,  
individually and derivatively  
on behalf of SPORT-BLX, INC.,  
Plaintiff,

-v-

GEORGE HALL, JOSEPH DE PERIO,  
DANIEL STRAUSS, FRANCIS  
RUCHALSKI, CESAR BAEZ,  
CHRISTOPHER JOHNSON,  
SPORT-BLX, INC., SPORT-BLX  
SECURITIES, INC., CLINTON  
GROUP INC., and GLASSBRIDGE  
ENTERPRISES, INC.,  
Defendants.

Case No.  
22-cv-01243(LGS)  
  
VIDEOTAPED  
DEPOSITION UPON  
ORAL EXAMINATION  
OF  
GEORGE HALL  
(Vol. II)

SPORT-BLX, INC., individually  
and derivatively on behalf of  
its shareholders,  
Plaintiff,

Case No:  
1:22-cv-8111(LGS)

-v-

MICHAEL M. SALERNO and  
CYPRESS HOLDINGS, III, L.P.,  
Defendants.

\*\*\* CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER \*\*\*

T R A N S C R I P T of testimony taken  
stenographically by and before MARGARET  
VOLLMUTH-CORSON, a Certified Court Reporter of the  
State of New Jersey, pursuant to Federal Rules  
Governing Civil Procedures, at the offices of CHIESA  
SHAHINIAN & GIANOMASI, P.C., 105 Eisenhower  
Parkway, Roseland, New Jersey, on Wednesday,  
June 21, 2023, commencing at approximately 10:06  
a.m.

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1 A L S O P R E S E N T :

2 Tyler Thompson, Videographer

3 Joseph De Perio

4 Francis Ruchalski (via videoconference)

5 Daniel Strauss (via videoconference)

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1 THE VIDEOGRAPHER: Good morning. We  
2 are going on the record at 10:06 a.m. on June 21,  
3 2023. Please note that microphones are sensitive  
4 and may pick up whispering and private  
5 conversations. Please mute your phones at this  
6 time. Audio and video recording will continue to  
7 take place unless all parties agree to go off the  
8 record.

9 This media unit No. 1 in the  
10 video-recorded deposition of George Hall in the  
11 matters of Cypress Holdings, III, L.P., individually  
12 and derivatively on behalf of Sport-BLX,  
13 Incorporated v. George Hall, Joseph De Perio, et  
14 al., Docket No. 22-cv-8111, as well as Sport-BLX,  
15 Incorporated, individually and derivatively on  
16 behalf of its shareholders v. Michael Salerno and  
17 Cypress Holdings, III, L.P., Docket No. 22-cv-01243.

18 The location of this deposition is  
19 Chiesa Shahinian & Giantomasi, P.C. in Roseland, New  
20 Jersey. My name is Tyler Thompson, representing  
21 Veritext, and I'm the videographer. Court reporter  
22 is Margaret Corson from the firm of Veritext. I am  
23 not authorized to administer an oath, I am not  
24 related to any party in this action, nor am I  
25 financially interested in the outcome.

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1 If there are objections to proceeding,  
2 please state them at the time of your appearance.  
3 Counsel and all present, including remotely, will  
4 now state their appearances and affiliations for the  
5 record, beginning with the noticing attorney.

6 MR. PEARLSON: This is Ross Pearlson.  
7 I'm here with Dan Tyrrell. We're with Chiesa  
8 Shahinian & Giantomasi representing Cypress  
9 Holdings, III, L.P. and Michael Salerno.

10 MR. SACK: I'm Jonathan Sack with the  
11 Morvillo Abramowitz law firm with my colleagues  
12 Edward Spiro and Joseph Stern, and we represent  
13 Sport-BLX, Sport-BLX Securities, George Hall,  
14 Christopher Johnson, and Cesar Baez.

15 MR. CARBONE: Chris Carbone, Loeb &  
16 Loeb, here for GlassBridge, Daniel Strauss, and  
17 Frank Ruchalski. Mr. Ruchalski is participating  
18 today remotely.

19 MR. GOLD: David Gold, Cole Schotz,  
20 P.C., on behalf of Joseph De Perio and joined with  
21 Joseph De Perio.

22 THE REPORTER: Mr. Hall, you are  
23 reminded that you are still under oath from last  
24 week.

25 THE WITNESS: Yes, I understand.

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1 G E O R G E H A L L, residing at 6 East 69th  
2 Street, New York, New York 10065, having been  
3 reminded of his oath, testified as follows:

4 EXAMINATION BY MR. PEARLSON:

5 Q. Good morning, Mr. Hall. We're here for  
6 the continuation of your deposition. As you may  
7 recall, I gave you certain instructions last time.  
8 Do you need me to give you those instructions again?

9 A. No.

10 Q. Is there any reason that you can't  
11 testify fully and completely today?

12 A. No.

13 Q. Okay.

14 MR. PEARLSON: Before we begin, I just  
15 want to note for the record again, unfortunately,  
16 that last week we received three productions from  
17 the defendants in our case in which Cypress Holdings  
18 is a plaintiff. We received a production on Monday  
19 night, Tuesday night, and Friday night at 9:30, and  
20 in light of that we're proceeding today, but we're  
21 going to reserve all rights, including to seek the  
22 appropriate relief from the Court.

23 With that, I'll begin.

24 Q. Mr. Hall, when we broke last time we  
25 were talking about the rent that Sport-BLX was

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1 paying for the premises at 510 Madison Avenue. Do  
2 you remember that?

3 A. Yes.

4 Q. And was it your testimony that  
5 ConsenSys had determined the amount of rent for --  
6 that Sport-BLX would pay for those premises?

7 MR. SACK: Objection to the form.

8 A. ConsenSys created an overall pro forma  
9 business plan with many different variables. One of  
10 the variables under expenses was rent, they also  
11 looked at head count, the growth of the business,  
12 and so on, and when I first saw it, the number was  
13 -- that they attributed for rent was \$500,000.00,  
14 and that seemed like a reasonable number to me.

15 Q. Okay. Did -- when you -- what kind of  
16 company is ConsenSys?

17 A. They're a pretty large company. They  
18 do projects, outsource projects, computer  
19 programming, they do consulting, they do marketing,  
20 marketing research, lots of work in blockchain, so  
21 they're -- they're a modern day technology and  
22 infrastructure firm.

23 Q. Are they in the real estate business?

24 A. I don't know.

25 Q. Did they have any information specific

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1 to 510 Madison Avenue when they made that sort of  
2 projection or -- or determination as to the  
3 \$500,000.00 in rent?

4 A. I don't know what they did  
5 specifically. I don't know if they communicated  
6 with anybody at Clinton Group, but -- so I don't  
7 really know.

8 Q. Okay. Do you know if they had any  
9 information as to who was sharing the premises with  
10 Sport-BLX?

11 A. I don't know.

12 Q. Or how much space Sport-BLX was using  
13 at the time?

14 MR. SACK: Objection to the form.

15 A. At what time?

16 Q. At the time they made this estimation  
17 of \$500,000.00 for the rent.

18 A. Well, I think they anticipated how  
19 much space Sport-BLX was using -- would be using in  
20 the future, as well as what they were using at the  
21 time.

22 Q. Okay. And did you have any discussions  
23 with ConsenSys about the rent determination?

24 MR. SACK: Do you mean him personally,  
25 Ross?

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1 Q. Yes. You personally.

2 A. I don't recall if I had any discussion  
3 with them.

4 Q. Did you -- did you look at anything  
5 else besides ConsenSys's estimation in determining  
6 that the \$500,000.00 number was reasonable?

7 A. Well, obviously, I didn't have to  
8 look, I know what the -- generally the rent that  
9 Clinton Group was paying. I could anticipate how  
10 much space would be used, and that seemed like a  
11 reasonable -- reasonable number.

12 Q. Did you ever look at any alternative  
13 space for Sport-BLX to occupy besides the 510  
14 Madison Avenue space?

15 A. No.

16 Q. Now, in terms of the 510 Madison Avenue  
17 space, you indicated -- well, let me strike that.

18 When did GlassBridge first begin using  
19 the 510 Madison Avenue space?

20 A. I don't think GlassBridge ever used  
21 the space.

22 Q. Did GlassBridge ever pay any rent for  
23 the use for that space?

24 A. Not specifically.

25 Q. Okay. So is it your testimony that the

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1 space was used, at least in 2019, by Sport-BLX and  
2 the Clinton Group?

3 A. So with the exception of the last  
4 couple of weeks of 2019, GlassBridge had no  
5 employees using those space. As I mentioned last  
6 time, there was another firm, which I couldn't  
7 remember the name of, I do remember the name now,  
8 it's called Market Field, they had about three --  
9 three or four desks that they used.

10 Q. Okay. And did they pay rent?

11 A. They did.

12 Q. Do you know how much?

13 A. I don't recall.

14 Q. And do you recall who they paid rent  
15 to?

16 A. I don't recall specifically.

17 Q. Who was responsible for collecting --  
18 so -- strike that.

19 So in 2019 it was Sport-BLX, this other  
20 entity, and the Clinton Group that were paying rent  
21 for that space, correct?

22 MR. SACK: Objection to the form and  
23 to the substance.

24 A. So Clinton Group was paying the rent  
25 to the -- to its landlord, which was a subtenant of

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1 the overlease -- of the overlandlord. Sport-BLX was  
2 paying \$500,000.00 a year to Clinton Group to offset  
3 some of the cost of that rent based on the usage and  
4 what was provided for Sport-BLX.

5 Q. Okay. And now who was responsible from  
6 the Clinton Group for making sure the landlord was  
7 paid?

8 A. Well, that was one of the people in  
9 the accounting department.

10 Q. Okay. Do you have a name in  
11 particular?

12 A. Could have been Francis Ruchalski,  
13 could have been Daiana Sersea. They're generally  
14 the ones that make payments.

15 Q. And were they also responsible for  
16 collecting rent from Sport-BLX?

17 MR. SACK: Objection to form.

18 A. I'm not sure what you mean by  
19 "responsible."

20 Q. Well, who was the one who wrote the --  
21 well, let's break it down.

22 Who from Sport-BLX was responsible for  
23 paying the rent to the Clinton Group?

24 A. Oh, I see. The -- the same people.

25 Q. Okay. And -- and the same people who



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1 were responsible for paying the landlord as well,  
2 right?

3 A. Correct.

4 Q. On behalf of the Clinton Group.

5 Okay. Now, in -- in -- we were talking  
6 before about, I believe, that the -- the space --  
7 the Clinton Group was evicted from the space in  
8 early 2020, correct?

9 MR. SACK: Objection to form.

10 A. I think it was actually late 2019.

11 Q. Okay. And -- and that was because the  
12 Clinton Group had fell behind on its rent  
13 obligations?

14 A. That's not exactly the situation, but  
15 that was ultimately what -- what led to the  
16 situation with the -- with the landlord.

17 Q. Okay. Do you recall that the Clinton  
18 Group was sued by the landlord?

19 A. Yes.

20 Q. And is that a lawsuit that's pending  
21 today?

22 A. What -- what time period are we  
23 talking about?

24 MR. PEARLSON: Why don't we -- can we  
25 take out what's been marked as, I think it's Hall-82

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1 for identification.

2 (Exhibit Hall-82, Complaint filed in  
3 the Supreme Court of the State of New York, World  
4 Gold Trust Services, LLC v. the Clinton Group, Inc.,  
5 is marked for identification.)

6 Q. Mr. Hall, I'm going to show you what's  
7 been marked as Hall-82 for identification. It's a  
8 complaint filed in the Supreme Court of the State of  
9 New York, World Gold Trust Services, LLC v. the  
10 Clinton Group, Inc. Have you seen this document  
11 before?

12 A. Just looking at the cover page, I  
13 believe so, yes.

14 Q. Okay. And is it a fact that the -- the  
15 landlord for 510 Madison ended up suing the Clinton  
16 Group in New York State Court?

17 A. Yes.

18 Q. Okay. Now, do you know what the  
19 current status of that lawsuit is?

20 A. I'm not sure. I'm not sure what the  
21 current status is.

22 Q. Okay. And it says at the top, it says,  
23 "Filed New York County Clerk May 27, 2020." Does  
24 that refresh your recollection that the landlord  
25 filed this lawsuit on or about May 27 of 2020

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1 against the Clinton Group?

2 A. Yes.

3 Q. Okay. If you could turn to the second  
4 page of the -- of the document, Mr. Hall, I'm going  
5 to ask you to direct your attention to paragraph 3,  
6 and in the second sentence --

7 A. I'm sorry. What page?

8 Q. Paragraph -- on the second page of the  
9 document.

10 MR. CARBONE: Of the complaint.

11 MR. SACK: Go a little bit further  
12 into --

13 Q. I'm sorry.

14 MR. SACK: -- the complaint.

15 Q. Page 2 of the complaint.

16 MR. SACK: So turn that one over,  
17 George.

18 Q. It's page 4 of 12 on the bottom, and  
19 it's page 2 of the complaint.

20 A. 4 of 12 on the bottom.

21 Q. Yeah.

22 A. I got it.

23 Q. Now, Mr. Hall, it says in the -- in  
24 paragraph 3 in the second paragraph, on about -- "On  
25 or about November of 2018, CGI began to fall behind

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1 on its rent obligations, first by failing to pay  
2 rent on a timely basis, then later by stopping  
3 payments of rent altogether on or about June of  
4 2019." Is that allegation correct?

5 A. I don't recall if there were any  
6 payments made after June 2019.

7 Q. Okay. Who would know that?

8 A. I'd have to check the -- check the  
9 records.

10 Q. Okay. Who from Sport-BLX -- I mean  
11 from the Clinton Group would know when the Clinton  
12 Group stopped paying rent to World group -- World  
13 Gold Trust?

14 A. Well, there's nobody at Clinton Group  
15 now, so I would have to dig it out.

16 Q. Who at the time would have been the one  
17 to do that?

18 A. Either Daiana Sersea or Fran  
19 Ruchalski.

20 Q. Okay. Now, in paragraph 4 it says,  
21 "CGI finally vacated the premises on or about  
22 December 13, 2019." Do you see that?

23 A. I'm sorry. Paragraph 4?

24 Q. Yeah. On the same page.

25 A. Yeah. Yep.

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1 Q. Okay. And so does that refresh your  
2 recollection as to about when the Clinton Group  
3 vacated 510 Madison Avenue?

4 A. Yes.

5 Q. Now, when -- when did Sport-BLX begin  
6 making rent payments to the Clinton Group for the  
7 space?

8 A. March of 2019.

9 Q. And how long did those payments  
10 continue?

11 A. I think they continued through  
12 December of -- in terms of payments or in terms of  
13 for usage of the space?

14 Q. When -- when -- when did the Sport-BLX  
15 make payments, rental payments, to Clinton Group for  
16 use of the space at 510?

17 MR. SACK: Objection to form, but you  
18 can answer.

19 A. I don't recall the dates of the  
20 payments.

21 Q. Okay. Who would -- who would know  
22 that?

23 A. Well, at the time it was Francis  
24 Ruchalski or Daiana Sersea.

25 Q. Okay. And do you have any idea what

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1 was being done with the payments that -- that  
2 Sport-BLX was making to the Clinton Group for rent?

3 A. Well, I don't -- I don't recall the  
4 specifics, but there was a significant security  
5 deposit that World Gold was drawing down on, so  
6 World Gold was -- was -- other than -- so World  
7 Gold, as I recall, was whole every month.

8 Q. Through when?

9 A. Through December.

10 Q. Okay. Now, so in terms of the -- what  
11 happened with the -- to your knowledge, what  
12 happened with the rent payments that Sport-BLX was  
13 making to the Clinton Group?

14 MR. SACK: Objection to form.

15 A. What do you mean, what happened to the  
16 payments?

17 Q. Were they passed on to the landlord?  
18 Were they kept by the Clinton Group? What happened  
19 to them?

20 MR. SACK: Objection to form.

21 A. Well, they ultimately -- that amount  
22 of cash plus the -- well, the entire balance of what  
23 was owed to the landlord was paid to the landlord.  
24 Clin- -- Sport-BLX paid a certain amount of money  
25 each month for different periods to Clinton Group

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1 for use of that space.

2 Q. And if you'd turn to the next page of  
3 the -- of the document, and I'm going to focus you  
4 on paragraph 8. It says, "In connection with its  
5 efforts to evict CGI, WGTS has learned that several  
6 entities, including GlassBridge Enterprises, Inc.,  
7 have been occupying the premises in violation of the  
8 lease and sublease." Do you see that?

9 A. I do.

10 Q. Did Clinton Group ever get permission  
11 for GlassBridge to occupy the premises?

12 MR. SACK: Objection to form. Lacks  
13 factual foundation.

14 A. This sentence is just the drama and  
15 false statements of a typical lawsuit.

16 Q. Well, that's not -- that's not my  
17 question.

18 A. Well, I'm -- I'm finishing my answer,  
19 if I may.

20 Q. Sure.

21 A. GlassBridge did not use any space.

22 Q. Okay.

23 A. GlassBridge didn't have any employees.

24 Q. So is it fair to say that Glass- --  
25 that -- that you did -- Clinton Group did not seek

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1 permission for GlassBridge to occupy the premises?

2 A. That is correct.

3 Q. Okay. Is it also true that Clinton  
4 Group did not seek permission for Sport-BLX to  
5 occupy the premises?

6 A. Correct.

7 Q. Did anyone ever tell you that the  
8 landlord's permission was required for Sport-BLX to  
9 occupy those premises?

10 MR. SACK: Objection to form, and just  
11 to caution the witness about attorney-client  
12 privilege.

13 A. I don't believe it was required.

14 Q. Okay. And what is that belief based  
15 on?

16 A. I took a look at sections of the  
17 lease, and I -- I was satisfied that it wasn't  
18 necessary.

19 Q. Okay. So you actually reviewed the  
20 lease at some points to see if a sublease was  
21 permitted?

22 A. Not the entire lease. And we didn't  
23 really call it a sublease. We just -- it was a  
24 reimbursement of expense, which on the pro forma was  
25 under the moniker of rent.



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1 Q. Okay. But whatever you called it,  
2 wasn't it a fact that Clinton Group had a lease with  
3 -- a written lease with World Gold, and in turn, it  
4 was getting paid by Sport-BLX to use the same space?

5 MR. SACK: Objection to form.

6 A. It was getting paid for use of a  
7 portion of the space and the infrastructure within  
8 that space.

9 Q. Do you recall, when you looked at the  
10 lease, whether you looked at -- there was a  
11 provision about no assignment? Did you look at that  
12 provision, section 7 of the lease?

13 A. I don't recall that section.

14 Q. Okay. When did you first engage with  
15 the -- prior to the lawsuit, when did you first  
16 engage with the -- with the landlord, or someone  
17 from the Clinton Group engage with the landlord,  
18 concerning the issues arising out of the partial  
19 payment or nonpayment of rent?

20 A. A number of times throughout the year.

21 Q. "Throughout the year" being 2019?

22 A. Yes.

23 Q. When did the issue -- when did the  
24 landlord first raise the issue with respect to the  
25 rent with --

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1           A.       I don't -- I don't recall the first  
2     time.

3           Q.       Okay. If we could look at Hall-40 for  
4     identification.

5                   (Exhibit Hall-40, Three-page Minutes  
6     of the Regular Quarterly Meeting of the Board of  
7     Directors of Sport-BLX, Inc. dated August 14, 2019  
8     Bates stamped GBE\_0003774 through 3776, is marked  
9     for identification.)

10           MR. CARBONE: This is 40?

11           MR. PEARLSON: Yes, 40.

12           MR. CARBONE: Thank you.

13           Q.       Mr. Hall, I'm going to show you what's  
14     been marked as Hall-40 for identification. It's the  
15     Minutes of the Regular Quarterly Meeting of the  
16     Board of Directors of Sport-BLX dated August 14,  
17     2019. I'm going to direct you to the second page of  
18     that document, which is Bates stamped GBE\_0003775.

19                   Now, Mr. Hall, this is dated August 14,  
20     2019. So by this point Clinton Group had stopped  
21     paying rent for 510 Madison Avenue, correct?

22           MR. SACK: Objection to form.

23           A.       I don't know.

24           Q.       Okay. And again, that would be  
25     something Mr. Ruchalski would know?

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1           A.       I don't know if he would -- I don't  
2 know if he would know.

3           Q.       Okay. Did you ever report the problems  
4 with the landlord to the board of Sport-BLX?

5                   MR. SACK: Objection to form.

6           A.       No.

7           Q.       Did you ever report to the board of  
8 Sport-BLX that the Clinton Group had stopped paying  
9 rent for the premises?

10                   MR. SACK: Objection to form.

11          A.       No.

12          Q.       Did you ever report to the Sport-BLX  
13 board that the landlord threatened to evict the  
14 Clinton Group from the premises?

15                   MR. SACK: Objection to form.

16          A.       At what time period?

17          Q.       At any time period.

18          A.       Okay. Because we're -- are we still  
19 on the August 14?

20          Q.       Yes, August 14.

21          A.       So at that point we -- I don't think  
22 we were threatened to be evicted.

23          Q.       Okay. And when was the first time that  
24 the landlord threatened to evict Clinton Group from  
25 the premises?

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1           A.       I -- I think it was in November or  
2       December of 2019.

3           Q.       Okay. Now, if -- if you -- if you look  
4       -- and at that time did you advise the board, the  
5       Sport-BLX board, that there was a potential they  
6       would be evicted from the space?

7           A.       I don't recall if -- I probably didn't  
8       say anything about being evicted, but I did tell the  
9       board we were not going to be in the space anymore.

10          Q.       Okay. And did -- at that point did you  
11       look for alternative space for Sport-BLX to occupy?

12          A.       We started to look at some other space  
13       throughout the year, yes.

14          Q.       Okay. And who was involved in that  
15       search?

16          A.       I don't recall exactly.

17          Q.       What -- did you end up signing a lease  
18       for Sport-BLX -- on Sport-BLX's behalf for space?

19          A.       No.

20          Q.       All right. What happened in terms of  
21       what space did Sport-BLX use following the eviction  
22       from 510 Madison Avenue?

23                   MR. SACK: Objection to form.

24          A.       Some people worked at home, some  
25       people worked from my home in the city, some people

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1 worked from their own homes in New Jersey, and maybe  
2 some other -- some people may have worked remotely.  
3 Other people worked remotely. I'm not sure what  
4 other addresses.

5 Q. Okay. So is it fair to say that  
6 Sport-BLX went from 510 Madison Avenue to having  
7 really no office, no physical office?

8 A. It had multiple remote physical  
9 offices.

10 Q. That was depending on where the  
11 individuals were located?

12 A. Well, some of the individuals came to  
13 my home in New York, and some of the -- we also had  
14 a facility in New Jersey that people were able to  
15 use as well, so there was -- Clinton Group had  
16 another office with a different landlord separate  
17 from this that people began to use.

18 Q. Okay. And did -- did Sport-BLX pay any  
19 rent after December of 2019?

20 A. I don't recall exactly. There may  
21 have been some minimal payment.

22 Q. Okay. Now, if you -- if you look at  
23 this document, again, this is the section that's  
24 labeled "Company's Office Space Requirements and  
25 Hiring Projections."

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1 A. Yes.

2 Q. And it talks -- if you could read that  
3 to yourself, Mr. Hall.

4 A. Okay.

5 Q. Okay. Now, at this time is it fair to  
6 say that you -- that you led a discussion about the  
7 board -- with the board about the company's needing  
8 increasing space for its activities?

9 A. Yes.

10 Q. Okay. And -- and you didn't mention in  
11 this meeting that there were problems with the rent  
12 at the current space, did you?

13 MR. SACK: Objection. Asked and  
14 answered.

15 A. I don't recall.

16 Q. Okay. Do you recall Mr. Salerno asking  
17 you either at this meeting or prior to this meeting  
18 for the lease for the premises?

19 A. Yes.

20 Q. Okay. When did he do that?

21 A. I think almost every meeting.

22 Q. When did those -- when did those  
23 requests start?

24 A. Well, I don't know what you term a  
25 request, but the lease issue was initially brought

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1 up, I think, the -- well, let me rephrase that.

2 He brought up the rent allocation of  
3 500,000 before he invested. Brought it up numerous  
4 times. And then once he made his investment he  
5 brought it up -- the first time after making the  
6 investment, I believe, was April 11.

7 Q. Okay. And did you ever provide  
8 Mr. Salerno with any documents as to how the rent  
9 had been determined?

10 A. No.

11 Q. Did you ever give him the analysis or  
12 the pro forma by -- business plan by ConsenSys?

13 A. I believe that -- well, that was in  
14 the data room, so he saw that.

15 Q. Okay. And did that have any breakdown  
16 as to how the \$500,000.00 was determined?

17 A. I -- I don't know.

18 Q. Okay. How did you explain, or did you  
19 explain, the breakdown of the \$500,000.00 number to  
20 Mr. Salerno?

21 MR. SACK: At what time, Ross?

22 Q. At any time.

23 A. Well, we discussed it so many times,  
24 I'm not sure if I -- there's one answer to all those  
25 questions.

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1 Q. Well, what was the explanation you gave  
2 him for the basis for the \$500,000.00 rent?

3 MR. SACK: Objection to form.

4 A. It was based on the fact -- ultimately  
5 it was based on the fact that the company could not  
6 have gotten any other space with the same  
7 infrastructure at any better price, in my view.

8 Q. Okay. And you had never looked at any  
9 other space, had you?

10 A. Well, the -- the spa- -- we generally  
11 know what rents are in Manhattan. We know how much  
12 space we might need. We also anticipate growth, so  
13 if we had gotten a space that just hou- -- just  
14 serviced the peo- -- or, you know, was the place of  
15 business of the current employees, it wouldn't have  
16 allowed for any growth, so we had to anticipate  
17 growth, but most importantly, we looked at the  
18 non-rent facts around this.

19 I've never heard of a commercial lease  
20 without a security deposit, so we assumed that there  
21 would be a security deposit. We also assumed that  
22 Sport-BLX didn't have the creditworthiness and were  
23 pretty confident that it didn't have the  
24 creditworthiness to get a typical commercial lease  
25 in New York City. But most importantly, the



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1 infrastructure that was created: The computers, the  
2 -- the servers, the connections, the -- the backup,  
3 the connection to a disaster recovery site, the fact  
4 that there were -- there was significant  
5 intellectual capacity of Clinton employees that  
6 never show up on the Sport-BLX income statement. So  
7 the efficiency of no security deposit, no need to  
8 buy computers, no need to get software, no need to  
9 get a server, no need for various technol- --  
10 technology administrators, it was, I think, a  
11 generous deal for Sport-BLX.

12 Q. Okay. But you never looked at any --  
13 going back to my question, you never looked at any  
14 other space, correct?

15 A. No. My answer was all the things that  
16 would not have been provided at any other space.

17 Q. Okay. But you didn't look at any other  
18 space?

19 A. At what time?

20 Q. Ever for -- for Sport-BLX --

21 A. No, I --

22 Q. -- in 2019.

23 A. I told you before at the end of 2019  
24 we did look at some other spaces.

25 Q. Okay. Prior to that?

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1           A.       If you give me a time frame, I'll  
2       answer the question.

3           Q.       Okay. So --

4           A.       Prior to when?

5           Q.       -- prior -- prior to the end of 2019  
6       you didn't look for any other space for Sport-BLX?

7           A.       Prior to December 31 of 2019 we did  
8       look at space.

9           Q.       Okay. When did you do that?

10          A.       Sometime probably in the third or --  
11       third quarter of -- third or fourth quarter of 2019.

12          Q.       Okay. And where did you look?

13          A.       I don't recall. I didn't look  
14       specifically.

15          Q.       Did you end up signing a lease for that  
16       space?

17          A.       For which company?

18          Q.       For -- for Sport-BLX.

19          A.       No.

20          Q.       Now, when -- did you -- the things you  
21       -- all the things you just told me, did you tell  
22       Mr. Salerno those things?

23          A.       I'm confident that we told him most of  
24       those things, yes.

25          Q.       Okay. Was that ever in writing?

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1 A. I don't recall.

2 Q. Was that at a board meeting?

3 A. I don't recall.

4 Q. So why do you say you're confident you  
5 told Mr. Salerno all those things we just went over?

6 A. Well, we talked to him before he  
7 invested. As far as I know, those weren't recorded,  
8 and we didn't take minutes of the pre-investment  
9 meeting that he had at the space.

10 Q. How about post-investment?

11 A. We talked in generalities about the  
12 need for space, the amount of space that was being  
13 used, the fact that an allegation of having only  
14 five employees was just fantasy, and we -- we talked  
15 about the infrastructure, you know, things -- the  
16 security deposit, things that made this a beneficial  
17 deal for Sport-BLX.

18 Q. What -- what did you do when he asked  
19 for the lease? What did you tell him?

20 A. There was no lease.

21 Q. Okay. And what did he say?

22 A. He -- his view was we needed a lease.

23 Q. Okay. And did you ever tell him that  
24 -- that, you know, the -- you hadn't approached the  
25 landlord about the -- about a lease, a sublease?

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1           A.       I don't recall if we had that  
2 discussion.

3           Q.       Did you ever tell him that Clinton  
4 Group had stopped paying the rent on the property?

5                   MR. SACK: Objection to form.

6           A.       I don't believe so.

7                   I'll also add that I -- I had said  
8 before that they were making deductions to keep  
9 themselves current on the security deposit. So they  
10 were getting paid the rent. The security deposit  
11 was declining, but they were getting paid the rent.

12          Q.       Okay. But that didn't stop them from  
13 suing you, correct, Clinton Group?

14          A.       As I said, that was a complex  
15 situation, and it's not as simple as you've alleged.

16          Q.       Okay. But they did sue you?

17          A.       They did sue me.

18          Q.       And they did evict you?

19          A.       They did.

20          Q.       And isn't it a fact that the  
21 landlord --

22          A.       The eviction was not as a result of  
23 the lawsuit.

24          Q.       The -- the -- I'm not -- that wasn't my  
25 question.

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1 A. Okay.

2 Q. Isn't it a fact also that the landlord  
3 just was granted summary judgment on liability for  
4 the nonpayment of rent?

5 A. Yes, but the -- here's where I'm -- I  
6 said I don't entirely know the status of this  
7 because what's at issue is the -- the damages, which  
8 I believe is still pending.

9 Q. And the lawsuit is still pending?

10 A. Well, you just told me there was a  
11 summary judgment, so I'm gonna just say I'm -- I'm  
12 not entirely sure of the process, but it's not been  
13 completely resolved is my understanding as a lay  
14 person, and that's -- in between the start and where  
15 we are now, I'm not really sure of everything that's  
16 happened.

17 Q. Now, Mr. Hall, did you submit a -- a --  
18 a sworn declaration in the lawsuit?

19 A. I believe so.

20 MR. PEARLSON: All right. Can we show  
21 him 85?

22 (Exhibit Hall-85, Declaration in  
23 Opposition in the World Gold Trust v. Clinton Group  
24 matter, is marked for identification.)

25 Q. Okay. Mr. Hall, I'm going to ask you

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1 to look at a document that's been marked as Hall-85  
2 for identification. It's a document that's entitled  
3 Declaration in Opposition. Do you see that?

4 And --

5 A. Yes.

6 Q. And do you recognize that as a  
7 declaration you submitted in connection with the  
8 World Gold Trust v. Clinton Group lawsuit?

9 A. I see my signature at the end, so I  
10 assume, yes.

11 Q. Were you aware that you were submitting  
12 that document under oath?

13 A. Yes.

14 Q. Okay. Now, if you could turn to  
15 paragraph 9 of the document, and I'm going to ask  
16 you to read that paragraph to yourself.

17 A. Okay.

18 Q. Okay. It refers to a perfect storm of  
19 business downturn, in the first sentence, made it a  
20 very difficult year for CGI. What was the perfect  
21 storm of business downturn that you were referring  
22 to in that paragraph?

23 A. Well, it was primarily redemptions in  
24 our main strategy that caused a reduction in monthly  
25 revenues at Clinton Group.

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1 Q. Okay. When you say "redemptions,"  
2 these are redemptions by investors?

3 A. Yes.

4 Q. And there were unusual large number of  
5 redemptions in that year?

6 A. I don't recall in this year, but over  
7 the previous couple of years.

8 Q. Okay. And what was the impact on the  
9 Clinton Group caused by those redemptions?

10 A. Well, it had less monthly revenues.

11 Q. And -- and then you also refer to --  
12 and how many years had that been happening, this  
13 redemption issue that you just mentioned?

14 A. Well, I don't know what the peak was,  
15 so redemptions from -- from the peak, anytime the  
16 assets go down there's -- there's a net redemption.  
17 Then there are times where it goes back up, and then  
18 times it goes back down, so I don't know month to  
19 month what it is.

20 Q. Okay. Do you have -- on a yearly basis  
21 do you have any idea how -- over what period of time  
22 the -- the amount of redemptions had increased, and  
23 the amount of funds had gone down?

24 A. I believe 2017-18 was a period of  
25 large redemptions.

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1 Q. Okay. And those were difficult years  
2 for Clinton Group?

3 A. Eh, I don't -- I don't recall  
4 specifically. There was still a fair amount of  
5 assets under management, so I'm not sure what  
6 "difficult" really means.

7 Q. Okay. Was -- but was 2019 a difficult  
8 year, as per your declaration?

9 A. 2019 was a transition year for the  
10 firm, so it was difficult in terms of month-to-month  
11 cash flow, but, you know, it -- Clinton was in the  
12 process of, you know, reinventing what it was  
13 working on, and there was a mismatch of revenues and  
14 expenses.

15 Q. Now, in terms of -- in terms of the  
16 transition you just described, can you describe for  
17 us what, exactly, that involved in terms of the  
18 Clinton Group, I believe you used the term  
19 reinventing, its business model?

20 A. Well, we started to spend a lot of  
21 time working on transactions for GlassBridge, and so  
22 that is not the type of work that causes -- you  
23 know, that leads to monthly revenues but could  
24 potentially be extraordinarily valuable or  
25 profitable.



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1 Q. What kind of work was it or services  
2 was Clinton Group providing to GlassBridge?

3 MR. SACK: What period, Ross?

4 MR. PEARLSON: When he's talking about  
5 the transition, I believe, in 2019.

6 MR. SACK: Okay.

7 A. Yeah. Still in -- in 2019 the focus  
8 was -- among other things, but primary focus was to  
9 get capital into GlassBridge.

10 Q. Okay. And who was responsible for that  
11 process?

12 A. Well, Clinton Group had signed a  
13 services agreement with GlassBridge to effectively  
14 manage the operations and try to recapitalize the  
15 company, so ultimately Clinton Group was responsible  
16 for that.

17 Q. And anybody in particular at the  
18 Clinton Group?

19 A. Well, Daniel Strauss primarily was  
20 working on GlassBridge. Daniel -- Joe De Perio was  
21 also the chairman of GlassBridge, so -- so he had,  
22 you know, some -- some involvement in the overall  
23 strategy. We had some outside consultants we used,  
24 so there were a lot of people focused on  
25 GlassBridge.

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1 Q. And what was -- what would be the  
2 Clinton Group's role in the recapitalization of  
3 GlassBridge?

4 A. To find someone with capital that  
5 wanted to invest in GlassBridge and then to bring  
6 that transition to fruition.

7 Q. And what was GlassBridge's capital  
8 situation at the time that you were looking at this  
9 reinventing of Clinton Group and recapitalization of  
10 GlassBridge?

11 A. I don't -- I don't recall what the  
12 capitalization was.

13 Q. Okay. Do you know if it had negative  
14 capital at the time or positive capital?

15 MR. SACK: I -- I think --

16 Q. GlassBridge.

17 MR. SACK: I think you might want to  
18 be a little bit more particular about time, given  
19 that you're talking about --

20 Q. No. We're talking about a transition  
21 period, I believe, at the end of 2019, correct?

22 A. No, sir. We're talking about 2019. I  
23 said from 2018 to '19.

24 Q. Okay. So --

25 A. Not the end of 2019.

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1 Q. Okay. So in 2019 did the -- did  
2 GlassBridge have -- do you know whether it had a  
3 positive or negative capital situation?

4 A. Can you define "capital" for me?

5 Q. What's your understanding of the term?

6 A. I'm -- I'll use whatever term you  
7 like. I'll answer your question.

8 Q. On its balance sheet was it showing  
9 positive or negative capital situation?

10 MR. SACK: Objection to form, but you  
11 can try to answer that.

12 A. From a -- from a balance sheet or a  
13 GAAP standpoint, I don't recall.

14 Q. Okay. Do you know who would know that?

15 A. Any -- any accountant that looks at  
16 the publicly issued financials.

17 Q. Okay. Now, in your -- going back to  
18 your declaration, in paragraph 9 it refers to that  
19 -- it says, "Furthermore, certain of its affiliates  
20 were beginning to thrive."

21 What affiliates are you talking about  
22 at that period that were beginning to thrive?

23 A. Well, GlassBridge was beginning to  
24 thrive in 2019, and we believed Sport-BLX was  
25 beginning to thrive.

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1 Q. Can you tell us first how GlassBridge  
2 was beginning to thrive in 2019?

3 A. So GlassBridge got a pretty  
4 significant injection of capital in October of 2019.

5 Q. From whom?

6 A. Orix. Not the technical corporate  
7 name, but Orix something.

8 Q. Okay. So -- and that was -- when  
9 you're saying it was beginning to thrive, it was  
10 because of that injection of capital from Orix?

11 A. Yes.

12 Q. All right. Was there anything else  
13 that led GlassBridge to thrive in 2019?

14 A. GlassBridge had another investment in  
15 a company called ARRIVE, which I think was also  
16 doing well.

17 Q. What about Sport-BLX; how was Sport-BLX  
18 thriving in 2019?

19 A. Well, we had created a company that  
20 started out with a nine-and-a-half-million-dollar  
21 valuation. We had investors that subsequently  
22 invested at higher valuations. We had built a  
23 technology platform that we hoped would have some  
24 value in the context of the business. We had met  
25 many, many sports figures in terms of families of

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1 athletes, agents, wealth managers, so we developed a  
2 pretty strong network. We developed a pretty strong  
3 brand, I believe. We did a tremendous amount of  
4 work on legal and structures that were going to be  
5 valuable to the business, and we had, I think, a  
6 pretty -- pretty strong business plan in --  
7 throughout the year.

8 Q. And did Sport-BLX, in 2019, enter into  
9 any contracts with athletes?

10 A. No contracts. Correct.

11 Q. Did it generate any revenues in 2019?

12 A. No.

13 Q. Now, if we could look at -- turn to  
14 paragraph 26 of your declaration. I'll just ask you  
15 to read that paragraph to yourself.

16 A. Okay.

17 Q. Okay. Now, it says here they were --  
18 it was considering the possible sublet of the  
19 premises to another company, and then in parens,  
20 Affiliate No. 1. Is Affiliate No. 1 GlassBridge?

21 A. Yes.

22 Q. Okay. And GlassBridge is a publicly  
23 traded entity, correct?

24 A. Yes.

25 Q. Okay. Now, if you could turn to the

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1 next page, paragraph 30.

2 A. Mmm.

3 Q. It says -- and if you could read that  
4 to yourself.

5 A. Okay.

6 Q. Now, is Affiliate 2 Sport-BLX?

7 A. Well, it doesn't specifically say, but  
8 I believe that's correct.

9 Q. Okay. And -- and you were going -- and  
10 it says you intended to raise Sport-BLX's use of the  
11 subject premises to the board of Sport-BLX at its  
12 next meeting, correct?

13 A. Okay. I see that.

14 Q. Okay. And did you raise it with  
15 Sport-BLX at the -- at the next meeting?

16 MR. SACK: Objection to form.

17 Q. Let me ask you this, Mr. Hall. Looking  
18 at this paragraph, it also says, "Before I could  
19 bring it to the entity's board for approval, I  
20 needed a final set of terms for the negotiated  
21 sublease with World Gold." Do you see that?

22 A. Yes.

23 Q. Why is that? Why did you need to have  
24 a final set of terms for the negotiated sublease  
25 with World Gold, the landlord, before you could

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1 bring it to the entity's board for approval?

2 A. So we had agreed-upon terms in terms  
3 of the rent payment and in terms of security  
4 deposit, and then we were ready to go to  
5 documentation and sign, and then World Gold reneged  
6 on those terms.

7 Q. But why did you need to have a -- a --  
8 a negotiated sublease with World Gold before you  
9 could go to the Sport-BLX board for approval?

10 A. I -- the real key was the -- was the  
11 GlassBridge part.

12 Q. Well, we're talking about Sport-BLX in  
13 paragraph 30, correct?

14 A. Okay. So this says "In addition to  
15 Affiliate 1." So I'm sorry. Go ahead.

16 Q. No, my question was with that sentence  
17 I just read to you. Isn't it a fact that Sport-BLX  
18 was already occupying the space?

19 MR. SACK: Objection. Asked and  
20 answered. I don't think there's an issue.

21 A. Sport-BLX employees were using space.

22 Q. And Sport-BLX was paying for the use of  
23 that space?

24 A. It was reimbursing Clinton for the use  
25 of that space.

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1 Q. Okay. And it was doing so without a  
2 negotiated sublease with World Gold, correct?

3 A. Correct.

4 MR. SACK: Objection.

5 Q. And it did that for the entire period  
6 in 2019?

7 A. Correct.

8 Correct with something I'm not sure  
9 about between the middle of December and the end of  
10 December, as I mentioned before.

11 Q. Okay. Now, previously, Mr. Hall, we  
12 were talking about that Mr. Salerno had made a  
13 request for the lease from Sport-BLX, correct? Or  
14 from you, I should say, in particular?

15 MR. SACK: What's the question, Ross?

16 MR. PEARLSON: Let me -- let me  
17 rephrase it. It was a badly phrased question.

18 Q. Mr. Hall, isn't it the case that  
19 Mr. Salerno had requested that you provide him with  
20 a copy of the lease?

21 A. Which lease?

22 Q. The lease for the prem- -- Sport-BLX'S  
23 use of the premises at 510.

24 A. He did request that.

25 Q. Okay. And that was part of a broader



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1 series of requests he made for information from  
2 Sport-BLX, correct?

3 A. What time frame?

4 Q. In the spring of 2019.

5 A. Can you be more specific?

6 MR. PEARLSON: Could we show him  
7 Hall-25?

8 A. Thank you.

9 (Exhibit Hall-25, One-page email from  
10 Michael Salerno to George Hall dated May 21, 2019,  
11 with two-page attachment Bates stamped  
12 CYPRESS\_00001215 through 1217, is marked for  
13 identification.)

14 Q. Mr. Hall, I'm going to show you what's  
15 been marked as Hall-25 for identification. It's a  
16 document Bates stamped CYPRESS\_00001216 through  
17 1217.

18 MR. CARBONE: Ross, I have 1215 on my  
19 first page.

20 MR. PEARLSON: Oh, I'm sorry. 1215.  
21 Sorry. I skipped the cover. Thank you, Chris.

22 Q. If you could turn to the second page of  
23 the document?

24 A. Yes.

25 Q. I'm going to ask you do you recognize

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1 it?

2 A. Yes. The format looks different, but  
3 I recognize it.

4 Q. Okay. Was this part of a -- a request  
5 for information that Mr. Salerno submitted to you  
6 and Mr. De Perio in May of 2019?

7 A. Well, looking at this, it's for myself  
8 and Marc Gross. I don't see Mr. De Perio.

9 Q. Okay. Do you know whether these  
10 requests were given to Mr. De Perio at some point?

11 A. I don't know specifically.

12 Q. Okay. And -- and if you look at the  
13 top of the document, this is being submitted by  
14 Mr. Salerno as a founding shareholder and director  
15 of Sport-BLX. Do you see that?

16 MR. SACK: Well, that's what it says.

17 Q. That's what it says?

18 A. That is what it says.

19 Q. Okay. Would you disagree that as of  
20 May of 2019 that Mr. Salerno was a -- in fact, a  
21 founding shareholder and director of Sport-BLX?

22 A. I'm not sure what he meant by the term  
23 "founding shareholder." I don't believe we ever  
24 used that term.

25 Q. For him?

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1 A. For anybody.

2 Q. Okay. And when --

3 A. Other than Joseph De Perio and myself.

4 Q. He, in fact, bought shares in the  
5 founders' round of -- of the company, correct?

6 A. I think that's distinct from being a  
7 founding shareholder, but yes, he did buy shares in  
8 the founders' round.

9 Q. Okay. Now, Mr. Hall, do you recall  
10 reviewing these requests at the time they were  
11 provided to you?

12 A. In general, yes.

13 Q. Okay. What -- what did -- how did you  
14 respond to Mr. Salerno's request for information in  
15 May of 2019?

16 A. I don't recall exactly.

17 Q. Did you provide him with any of the  
18 information on the list?

19 A. Well, I'm not sure -- let's see.

20 MR. SACK: I'm going to object to the  
21 form. Do you want to go through each of the 25,  
22 Ross?

23 MR. PEARLSON: Well, no, he can --

24 MR. SACK: I don't think it's -- I  
25 don't think it's a fair question to have the witness

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1 look through each of the 25 and try to figure that  
2 out.

3 Q. Well, I'd -- I'd -- I'd like you to --  
4 MR. SACK: There's 25 specific  
5 requests.

6 MR. PEARLSON: Okay. I understand  
7 that, Jonathan.

8 Q. If you could look through the  
9 requests, --

10 A. Um-hum.

11 Q. -- and then I'm going to ask you  
12 whether you recall providing Mr. Salerno any of the  
13 information he requested in -- in this document. So  
14 take your time.

15 A. Between May 21 and May 31?

16 Q. Ever.

17 A. Oh. Most of this he was -- well,  
18 let's go -- let's go through it.

19 I believe minutes -- minutes of  
20 shareholder meetings he was provided. Minutes of  
21 board meetings he was provided. I don't recall  
22 providing him cash on hand. The investment by John  
23 Howe was provided to him.

24 Q. What was the answer to that question,  
25 No. 5?

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1           A.       You want me to tell you what the  
2       answer is?

3           Q.       Yes.

4           A.       Okay. John Howe invested 250,000 into  
5       the company.

6           Q.       Okay. And what were the terms of his  
7       investment?

8           A.       I believe it was about \$200.00 a  
9       share.

10          Q.       Okay. Do you know how that price was  
11       determined for Mr. Howe?

12          A.       That was the same price as the second  
13       part of the Salerno investment.

14          Q.       Okay. And -- and were there any  
15       underlying valuations or projections for that price?

16          A.       Well, as I mentioned in the previous  
17       deposition, the -- what was provided was the data  
18       room was made available. The data room had pro  
19       formas. The pro formas showed potentially  
20       significant revenues. The first round was at a  
21       nine-and-a-half-million-dollar valuation. The --  
22       between the progress and the -- the potential of the  
23       business, we attempted to raise money at a higher  
24       valuation.

25          Q.       Okay. And who -- who determined the

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1 price that Mr. Howe paid and Mr. Salerno paid for  
2 that second round?

3 A. Well, --

4 MR. SACK: Objection to form.

5 A. -- two different -- two different  
6 questions, and I'll answer them individually, if I  
7 may.

8 We -- we were -- Joe De Perio was in  
9 discussions with Salerno about investing at some  
10 valuation, which I don't recall exactly what it was,  
11 for one investment. I believe it was Mr. Salerno's  
12 request that it be split into two share purchases:  
13 One at the original price, and one at a price of --  
14 one at \$95.00 a share and one at \$200.00 a share.

15 Q. So my question is who at Sport-BLX made  
16 the determination that the \$200.00 share price was  
17 appropriate?

18 MR. SACK: Objection to form. Your  
19 question was who determined it?

20 MR. PEARLSON: Yes. Who determined  
21 it.

22 MR. SACK: It was an arm's length  
23 transaction.

24 MR. PEARLSON: Jonathan --

25 MR. SACK: So two parties --

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1 MR. PEARLSON: Jonathan --

2 MR. SACK: -- determined it.

3 MR. PEARLSON: Jonathan, stop.

4 Q. Who from Sport-BLX made the  
5 determination to sell shares to the investors at  
6 \$200.00 a share?

7 A. I think it was -- the original  
8 transaction at \$200.00 a share was a request by  
9 Mr. Salerno.

10 Q. Okay. And on what basis did -- I  
11 believe it was \$200.18 a share.

12 A. I'll take your word for it.

13 Q. Okay. So how -- how -- who on the  
14 Sport-BLX side determined that that price was an  
15 appropriate price to sell the shares to Mr. Salerno?

16 A. Well, that price was -- I believe the  
17 \$200.18 a share was the equivalent of a pre-money  
18 valuation of \$25 million.

19 Q. Okay. And what support, if any, was  
20 there for the \$25 million pre-money evalu- --  
21 valuation that supported that price?

22 A. Well, that's -- that's just a  
23 transaction between a buyer and a seller, a willing  
24 buyer and a willing seller. I believe the -- I  
25 don't recall exactly the specifics of the -- of the

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1 conversation, but I believe that was what  
2 Mr. Salerno requested and what we agreed would be  
3 acceptable to the company.

4 Q. Okay. But in determining it was  
5 acceptable to the company, are you just saying that  
6 it sounded right; you didn't rely on any  
7 documentation or specific calculations or analysis?

8 MR. SACK: Objection to form.

9 A. As I said before, we -- the initial  
10 round we did at nine and a half million dollars we  
11 had a reasonable investor response. We were able to  
12 raise money. That was based on the concept, the  
13 idea, and the business plan. The concept, the idea,  
14 and the business plan didn't change for a while;  
15 however, the progress and potentially the  
16 appreciation of the business plan, some of the  
17 success we were having with the plan, led us to  
18 believe the valuation should be -- could be higher,  
19 and that would be beneficial for the original  
20 shareholders.

21 Q. And when you sold the shares, I  
22 believe, did -- did you indicate that you said that  
23 Mr. Howe made his investment at the same price?

24 A. He made an investment into the company  
25 at the same price.



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1 Q. Okay. And what success, in your view,  
2 between the time of the founders' round and the  
3 second round justified the increase in price?

4 MR. SACK: Objection to form.

5 A. Well, the founders' round began in  
6 December, and the last investment in the founders'  
7 round was Mr. Salerno, but that was at his request,  
8 which we accommodated. I don't recall the previous  
9 last investment into the founders' round, but it was  
10 before Mr. Salerno's. So I'm happy to answer the  
11 question on the progress, but as of what date?

12 Q. As of the time that you sold the  
13 additional shares to Mr. Howe.

14 MR. SACK: I'm sorry. Between when  
15 and when? From when to when?

16 Q. Between the founders' round and the  
17 time you sold the shares.

18 MR. SACK: But the founders' round was  
19 a period of time. It wasn't one date.

20 Q. When the -- when the founders' round  
21 ended, and when you offered shares to Mr. Howe, or  
22 he invested, I should say.

23 A. Well, there's still some confusion as  
24 to when the founders' round ended, but the progress  
25 to that approximate time was just a response from a

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1 lot of meetings that we had had. For example, we  
2 met with lots of people in the sports world, and  
3 this concept that we had developed actually seemed  
4 like it was a tremendous opportunity in that it  
5 would be even potentially easier to attract assets  
6 to list on the exchange than -- than we had  
7 anticipated.

8 Q. So is it fair to say that the increase  
9 in the share price that you offered to investors was  
10 based on the indications of interest or enthusiasm  
11 from meetings with sports agents and athletes?

12 A. I think in an early stage company like  
13 this you've got a pro forma, which generally in a  
14 early stage venture capital business has pretty  
15 significant potential, that's why people look at  
16 these things, so much so, as we pointed out, that  
17 the variables can make the valua- -- could make any  
18 attempt at valuation wildly volatile, so there  
19 wasn't a lot of accuracy to it. So it really comes  
20 down to what investors are willing to pay.

21 Q. Now, if you could continue, Mr. Hall,  
22 going through the list, and you could tell us what  
23 information you provided to Mr. Salerno in response  
24 to his requests contained in this document.

25 MR. SACK: I'm going to object to

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1 form, to the whole line of questions given the --  
2 the detail in the list and the period of time we're  
3 talking about, but if Mr. Hall can try to answer --

4 MR. PEARLSON: That's kind of  
5 interesting, --

6 MR. SACK: -- to his best --

7 MR. PEARLSON: -- considering you were  
8 objecting to me trying to do a -- a general question  
9 to him about the document and what information he  
10 provided. You said there are 25 requests, and we  
11 have to go through the 25 requests. So now we're  
12 going through the 25 requests, per your --

13 MR. SACK: I understand.

14 MR. PEARLSON: Per your statement on  
15 the record.

16 MR. SACK: But you're asking for what  
17 information provided over a one or longer year  
18 period. That's a very difficult thing to do. It's  
19 not a memory -- should -- this should not be a quiz.  
20 He'll do his best to respond. It's just very hard  
21 to --

22 MR. PEARLSON: Are you done --

23 MR. SACK: -- go through point --

24 MR. PEARLSON: -- with the speaking --

25 MR. SACK: -- by point --

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1 MR. PEARLSON: -- objections, John? I  
2 mean, it -- it -- it -- you know, there --

3 MR. SACK: The question is so im- --

4 MR. PEARLSON: -- there's a -- it  
5 should be, properly, "objection to form," and that's  
6 it. Not a -- a monologue. So we can either stop  
7 the deposition if you want to keep doing the  
8 speaking objections, or we can move forward with  
9 Mr. Hall's deposition. It's up to you.

10 MR. SACK: What's the question?

11 BY MR. PEARLSON:

12 Q. Mr. Hall, let me -- let me try to be  
13 more specific here. There's a -- there's a series  
14 of questions about the fund, do you see that,  
15 beginning on No. 10, going through No. 18?

16 A. Yes, I see question 10 through 18.

17 Q. Okay. Now, my -- my question is did  
18 Mr. Salerno -- had Mr. Salerno been asking you  
19 questions about a fund?

20 A. At what time period?

21 Q. Prior to this May document that he sent  
22 you, this -- this formal request for information.

23 A. So prior to this document?

24 Q. Yes.

25 A. Yes, I believe he had asked about a

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1 fund.

2 Q. Okay. And what fund was he talking  
3 about?

4 A. No one knows.

5 Q. You have no idea what he's talking  
6 about?

7 A. No.

8 Q. Do you have any idea -- did he say to  
9 you what fund he was talking about?

10 A. A number of times he actually  
11 acknowledged that there was no fund.

12 Q. Okay. But here he is asking questions  
13 about a fund, which would -- I mean, specifically,  
14 he says, "It has been established that at minimum,  
15 the president and CEO of BLX had been meeting with  
16 potential investors with the intent to raise capital  
17 for a fund which would purchase interest in athletes  
18 and subsequently sell that interest via BLX." Is  
19 that untrue?

20 A. Well, I don't know what that means by  
21 "at minimum." I don't think it was established, and  
22 I don't -- but we did have meetings with some  
23 potential investors.

24 Q. To raise capital for a fund which would  
25 purchase interests in athletes and subsequently sell

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1 that interest via BLX?

2 A. We -- the original idea for a fund, I  
3 believe, was -- came from someone who was having  
4 discussions with some entities in Qatar, and  
5 sovereign wealth funds -- the sovereign wealth funds  
6 many times invest in funds, so there was some  
7 potential that they wanted to put money into a fund  
8 for this purpose.

9 Q. So had BLX been involved in efforts to  
10 raise capital for a fund that would function in the  
11 manner described in No. 10; yes or no?

12 A. Well, let me read it carefully.  
13 Other than Qatar, I don't know what  
14 potential invest- -- I don't recall potential  
15 investors.

16 Q. Okay. Was it still being discussed at  
17 that point, the time of this request, that there  
18 would be a fund that would purchase interests in  
19 athletes and that would be sold through the BLX or  
20 Sport-BLX platform?

21 MR. SACK: Objection to form.

22 A. So there's never a deterministic would  
23 be for the fund. That's up to the fund investors to  
24 decide if they want to invest or not. So there was  
25 the potential to have an affiliation with a fund

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1 that may do what this suggests, but there's never a  
2 -- and this says "intent." You said "would  
3 purchase." So the intent to raise capital for a  
4 fund, I don't think I spoke to any investors, and  
5 I'm not aware of any investors other than Qatar.

6 Q. Okay. When you say "Qatar,"  
7 specifically, what are you talking about when you --  
8 MR. SACK: Objection. Asked and  
9 answered.

10 Q. I assume it's not the government of  
11 Qatar. Or is it?

12 A. No, actually, it is.

13 Q. Okay. And -- and so the idea would be  
14 to develop a fund that would purchase these  
15 interests in the athletes that would then be traded  
16 on Sport-BLX's trading platform?

17 MR. SACK: Objection to form.

18 A. I'm confused by the word "develop."  
19 As I said, I don't really know what fund we're  
20 talking about, so I'm very -- I'm confused by the  
21 whole question of a fund. So if you could be more  
22 specific, I'll answer your question.

23 Q. Okay. Well, again, we were talking  
24 about the idea of a fund that would be used to  
25 purchase interests in athletes and their

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1 contracts --

2 A. Um-hum.

3 Q. -- and then subsequently sell those  
4 interests over the Sport-BLX platform.

5 A. Okay.

6 Q. Was that a concept that had been  
7 advanced and was being explored in the spring of  
8 2019?

9 MR. SACK: Objection to form.

10 A. That was being explored, but what's  
11 spoken about here is meetings with potential  
12 investors. I don't recall that other than Qatar.

13 Q. Okay. Well, Qatar is one potential  
14 investor, correct?

15 A. Correct.

16 Q. But you don't recall any meetings with  
17 any other potential investors in the fund?

18 MR. SACK: Objection to form.

19 A. In- -- instead of "the fund," we'll  
20 call it a potential fund. I don't recall any other  
21 meetings with potential investors in a fund.

22 Q. Did -- did Sport-BLX at this time  
23 solicit any other potential investors for the  
24 potential fund?

25 A. I don't recall. At the time we were



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1 having discussions with potential partners that  
2 could manage the fund, but I don't recall specific  
3 investors.

4 Q. Okay. And this -- and the potential  
5 fund, --

6 A. Um-hum.

7 Q. -- how would Sport-BLX benefit from the  
8 -- as per Mr. Salerno's question No. 14, how would  
9 Sport-BLX benefit from the fund?

10 MR. SACK: Objection to form.

11 A. If there was a fund managed by someone  
12 other than Sport-BLX, then that would be a  
13 continuous source of assets we could sell through  
14 the Sport-BLX platform.

15 Q. Okay. And was it ever discussed that  
16 Sport-BLX would receive a fee for partnering with  
17 the fund manager in the --

18 MR. SACK: Objec- --

19 Q. -- in the potential fund?

20 MR. SACK: Objection to form.

21 A. So it really comes down to what  
22 investors want to do. If Qatar came and said the  
23 only thing they wanted to do was invest in a fund,  
24 then if there was a way for Sport-BLX to benefit, if  
25 the fund was big enough, we potentially could have

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1 considered that, but it would have disintermediated  
2 the entire Sport-BLX business.

3 Q. I'm sorry. It would have what?

4 A. Disintermediated? It would have made  
5 -- is that the --

6 Q. Yes. Could you explain --

7 MR. SACK: Correct word.

8 Q. -- what you mean by that?

9 A. The original Sport-BLX model would  
10 have not been possible.

11 Q. And why is that?

12 A. You can't serve two masters. The  
13 investors in a fund get the benefit of the increase  
14 in value of the fund assets. You can't play that  
15 role of general partner for a fund and then also be  
16 the same party that's taking out commissions for  
17 selling that asset. It's just a terrible conflict  
18 of interests.

19 So the fund actually was not something  
20 that we wanted to do. We would be happy if an  
21 affiliated en- -- and when I say "affiliated," I  
22 mean an entity where we had a relationship with  
23 where that entity could independently represent its  
24 investors and try to go out and make good decisions  
25 on doing deals with athletes. Given that we would

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1 have a relationship with this entity, our platform  
2 would have its biggest provider of assets that we  
3 could list.

4 Q. And it was never contemplated or  
5 discussed that Sport-BLX or its affiliate would own  
6 an interest in the fund manager?

7 A. Well, if we found the right general  
8 partner to -- to be the fund manager at this time,  
9 or the time frame we're talking about, there were  
10 potential fees that we could get, but they would be  
11 limited.

12 The real goal -- and it really boils  
13 down to if you have a choice, do you want to make 20  
14 percent or a hundred percent, right? When we, what  
15 I'll call loosely, underwrite a deal and sell the  
16 shares, we get a hundred percent of the fee. If we  
17 do it through a fund, we only get 20 percent of the  
18 profits. And you can't do both.

19 Q. So how did you respond to Mr. -- or did  
20 you respond to Mr. Salerno's questions concerning  
21 the fund in -- in or around May of 2019?

22 A. I told him in May of '19 and in April  
23 of '19 and probably every month subsequent, there  
24 was no fund.

25 Q. Okay. And what was his response to

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1 that?

2 A. Sometimes he said, okay, if you tell  
3 me that I'll take your word for it, and then he  
4 continued to bring it up.

5 Q. Did he ever tell you that you had  
6 represented to him that there would be a fund in  
7 connection with Sport-BLX?

8 A. I don't recall. I think he probably  
9 did because I do remember explaining to him that  
10 there was -- that there was no fund, and if there  
11 was an entity that would act as a fund, that it  
12 would be apart from Sport-BLX itself.

13 Q. Okay. And just to be clear for the  
14 record, your testimony is that you had told him this  
15 not only in around this time about the no fund, but  
16 previously in April you had also told him there was  
17 no fund?

18 A. Actually, I don't recall if it was --  
19 if we spoke about it in April, so...

20 Q. Okay. But you have a recollection of  
21 -- of advising him at this time, being May of 2019,  
22 that there was no fund?

23 A. Subsequent to this, in direct response  
24 to this, I -- I don't recall. So I apologize, we  
25 tend to go back and forth between anytime during the

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1 year and this specific date. There are many times  
2 during the year where I told him there was no fund.  
3 There were several times during the year where I  
4 told him that if there was a fund, it would likely  
5 be unaffiliated with Sport-BLX and -- unaffiliated  
6 in a financial way. We would have a relationship,  
7 hopefully, with that fund, if it existed. But I  
8 explained to him a number of times that fund  
9 management was not necessarily in the interest of  
10 Sport-BLX.

11 Q. Now, did you ever provide Mr. Salerno  
12 with a written request -- I'm sorry -- a written  
13 response to his informational requests contained in  
14 Hall-25?

15 A. I don't -- well, some of these were  
16 provided in writing because he received minutes and  
17 notices. I don't think we did a written -- I'm  
18 pretty confident we didn't do a written response to  
19 the nonmonetary value of each of the shareholders of  
20 Sport-BLX. The -- I don't know if we ever shared  
21 the names of potential investors.

22 Yeah, I -- I don't recall. I don't  
23 know of any document in writing, and I don't recall  
24 if we responded to each and every one of these, but  
25 many of them we did respond to him.

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1 MR. PEARLSON: Can we show him  
2 Hall-26?

3 (Exhibit Hall-26, Three-page May 21 to  
4 May 29, 2019, email exchange between Michael  
5 Salerno, George Hall, and Joseph De Perio Bates  
6 stamped SPORTBLX00048150 through 48152, is marked  
7 for identification.)

8 MR. SACK: Ross, do you want to maybe  
9 take a break after this document?

10 MR. PEARLSON: Yeah, that's a good  
11 idea.

12 Q. Okay. Mr. Hall, I'm going to show you  
13 a document that's a string -- an email chain that's  
14 been Bates stamped SPORTBLX00048150 through 152.  
15 And I'm going to direct your attention to the middle  
16 of page 2, where it's an email to you where it says,  
17 "Hello, George. See attached request for  
18 information, as we discussed."

19 Do you recall that Mr. Salerno had sent  
20 you a request for information, the request for  
21 information we had looked at previously, in or  
22 around May 19 or 20 of 2019?

23 MR. SACK: Just so we're clear, Ross,  
24 you're saying that reference to the information is  
25 what we were just discussing --

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1 MR. PEARLSON: Yes.

2 MR. SACK: -- in 25?

3 MR. PEARLSON: Yes.

4 MR. SACK: Okay.

5 Q. Is that consistent with your  
6 recollection?

7 MR. SACK: Do you follow that, George,  
8 what we're talking about?

9 A. So we're talking about the message  
10 from Salerno to me at the bottom of the page; is  
11 that correct?

12 Q. Right. And do you understand that to  
13 refer to the request for information we just went  
14 over?

15 A. Well, I don't necessarily know what he  
16 was referring to, but...

17 Q. Okay. Did you know -- it says, "See  
18 attached request for information, as we discussed."  
19 Did he discuss with you that he would be sending  
20 you --

21 MR. SACK: I just wanted -- I don't  
22 think George is --

23 MR. PEARLSON: Okay.

24 MR. SACK: -- looking at that email.

25 So let's go to page 2 --

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1 MR. PEARLSON: Okay.

2 MR. SACK: -- of this -- oop, sorry,  
3 George.

4 THE WITNESS: No, it's fine.

5 MR. SACK: Page 2. Ross is referring  
6 to -- to an email --

7 Why don't we just get the record clear?  
8 This is an email from Salerno to George Hall, May  
9 21, at 2:03 p.m. Is that the one you're pointing  
10 him to?

11 MR. PEARLSON: Correct.

12 MR. SACK: Okay. So this is the email  
13 that Ross is now asking you about, George.

14 MR. PEARLSON: Right.

15 MR. SACK: So why don't we go --

16 BY MR. PEARLSON:

17 Q. So it says, "See attached request for  
18 information, as we discussed." My -- my first  
19 question, Mr. Hall --

20 A. Is this the attachment?

21 Q. Well, that's one of my questions.

22 So, Mr. Hall, my first question is do  
23 you recall that before Mr. Salerno sent you a  
24 request for information that he advised you that he  
25 would be making a written request for information



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1 from you and the company?

2 A. I don't specifically recall.

3 Q. Okay. Do you remember him making --  
4 sending you any other written requests for  
5 information in or around May of 2019 other than the  
6 one that was in front of you that we marked  
7 previously?

8 A. I don't recall.

9 Q. Okay. And then he -- if you turn to  
10 the -- back to the first page of the -- at the  
11 bottom of the page 1.

12 A. Yeah.

13 Q. It says, "Per our" -- "George, Per our  
14 conversation, you stated there will be a board  
15 meeting at the end of June, at which time most of  
16 the information that I've requested will be  
17 provided, which I expressed I am fine with." Do you  
18 see that?

19 A. Yes.

20 Q. So do you recall responding to  
21 Mr. Salerno's information request by telling him  
22 he'll get it at a board meeting at the end of June?

23 A. Well, I do remember saying we  
24 scheduled a board meeting. I think it actually  
25 occurred in July.

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1 Q. Okay.

2 A. And as far as the information provided  
3 at that board meeting, I don't recall if I re- --  
4 but I'm not sure that he attended that board  
5 meeting.

6 Q. Okay. The next sentence says, "In  
7 addition, I expressed that it's only appropriate for  
8 you to identify any" terms "that you are not  
9 intending to provide to me prior to the board  
10 meeting, along with the reasons why." Did you --

11 MR. SACK: I think it was "items," not  
12 "terms," so you might want to read that again. I  
13 think you used the word --

14 MR. PEARLSON: Oh, I'm sorry.

15 MR. SACK: -- "terms" instead of  
16 "items."

17 Q. "In addition, I expressed that it's  
18 only appropriate for you to identify any items that  
19 you are not intending to provide to me prior to the  
20 board meeting, along with the reason why."

21 Did you, in fact, advise Mr. Salerno  
22 prior to the board meeting of the -- of the items  
23 you were not going to provide to him that he had  
24 requested?

25 A. I -- at this time period between May

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1 29 and May 31? What time period?

2 Q. Well, between -- between the time of  
3 this email and the board meeting did you ever -- do  
4 you recall advising Mr. Salerno, I'm not going to  
5 give you these items that you requested in your  
6 information request?

7 A. Okay. There were a number of  
8 conversations, I don't recall if they fit within  
9 this window or after, but I did, I believe, tell him  
10 that I wasn't gonna provide information on a fund  
11 that didn't exist.

12 Q. Anything else that you recall that you  
13 didn't provide him or you said -- told him you  
14 weren't going to provide him?

15 A. I don't recall if there was anything  
16 else I told him that I would provide him, that I  
17 would not provide him.

18 Q. Did you tell him about the discussions  
19 you previously referenced in your testimony with  
20 Qatar?

21 A. At what time period?

22 Q. Prior to this email. Had you -- had  
23 you -- did you ever tell -- well, strike that.

24 Between the time you -- when were the  
25 discussions with Qatar about -- concerning the fund?

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1           A.       I -- well, prior to -- I don't know if  
2       there -- prior to March 8 we were -- we were told  
3       that Qatar may be interested in this. There was one  
4       individual who was affiliated with the government,  
5       and then potentially that led to the possibility of  
6       one of the sovereign wealth funds owned by the  
7       government of being interested in this.

8                   At one point it was -- there was an  
9       email from, I believe, the gentleman that was in  
10      Qatar to Mike Staisil that Qatar was interested in  
11      investing in the company and in a fund. I don't  
12      think I ever spoke to -- I don't think I shared that  
13      email with Mr. Salerno, and I don't recall if we had  
14      any subsequent discussions about Qatar.

15           Q.       Did you -- did you share any of the  
16      substance of the discussions with Qatar or the fact  
17      that there were discussions with Mr. Salerno?

18           A.       I did not.

19           Q.       Now, if you could look at the paragraph  
20      that begins "Lastly." It says, "Lastly, I've  
21      contemplated your offer to facilitate a buy-out of  
22      my interest on a best efforts basis and would like  
23      to take you up on it. At the present time I am  
24      willing to sell my position for \$2 million." Do you  
25      see that?

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1 A. Yes.

2 Q. Okay. Had you had prior discussions  
3 with Mr. Salerno about buying out his interest in  
4 Sport-BLX?

5 A. Well, I think he said that he wanted  
6 to be bought out, and I said that if we did that I'd  
7 have to go out and, you know, add to our capital  
8 raising process or at least allow enough capital to  
9 buy him out, and I think his response was he would  
10 -- we would do that at a price of \$2 million.

11 Q. Okay. Prior to this email had you made  
12 an offer to purchase Mr. -- I would say Cypress'  
13 shares in Sport-BLX?

14 A. At one point I made a number of ver-  
15 -- at several points I made a number of verbal  
16 offers. I don't recall if it was before this or  
17 after.

18 Q. Okay. Do you recall at what price you  
19 made the verbal offers to buy out Cypress' shares of  
20 Sport-BLX?

21 A. At what price?

22 Q. Yes.

23 A. It was -- to the best of my recollection  
24 -- recollection it was around \$1.6 million.

25 Q. Do you know how that translated into a

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1 price per share for Cypress' shares?

2 A. I think that's roughly about \$200.00 a  
3 share.

4 Q. Okay. And at the -- do you -- but you  
5 don't recall when those discussions took place?

6 A. I -- I don't.

7 Q. Okay. And do you recall, did you  
8 actually present that as a -- as an offer to  
9 Mr. Salerno?

10 A. No.

11 Q. Do you recall discussing that \$200.00  
12 per share price with Mr. De Perio or anybody at  
13 Sport-BLX?

14 A. I most likely discussed it with  
15 Mr. De Perio, but I don't recall a specific  
16 conversation.

17 Q. Okay. Do you recall why Mr. Salerno  
18 wanted to have Cypress' interest in Sport-BLX bought  
19 out in or around May of 2019?

20 MR. SACK: Objection to form.

21 A. Well, if you can invest for a million  
22 dollars on March 12 and get back \$2 million by May  
23 29, I think that's a pretty good return on capital,  
24 I would assume.

25 Q. Did Mr. Salerno ever express to you why

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1 he wanted Cypress to be bought out in the spring of  
2 2019 in May?

3 A. Yeah, I believe there was some  
4 discussions about it's just not working out. Again,  
5 I don't know if it was specific -- because we talked  
6 about buyout a number of times. I don't know  
7 specifically before February -- May 29 or not, but  
8 he was unhappy with the relationship and thought we  
9 should potentially go our separate ways.

10 Q. What did he express that he was unhappy  
11 about in terms of the relationship with Sport-BLX?

12 A. Well, there were so many  
13 conversations, a lot of it -- putting a time frame  
14 on it is difficult, but he was clearly unhappy that  
15 there was no lease, written lease, and he had some  
16 concept in his head that there was a fund that  
17 people other than Sport-BLX were benefiting from,  
18 primarily Joe De Perio and myself, I think, and it  
19 just wasn't true. So we couldn't seem to satisfy  
20 his allegations that they weren't true.

21 Q. Did you -- well, strike that.

22 What was your view of the \$2 million --  
23 do you know what that -- if that translates --  
24 strike that. Let me rephrase.

25 He -- he offered to sell Cypress'

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1 position for \$2 million in total, correct?

2 A. That's what it says, yes.

3 Q. To your recollection, does that convert  
4 into a \$257.00 per share price?

5 A. I don't -- I'd have to do the  
6 calculation, but that could be possible. That could  
7 be correct.

8 Q. Okay. And -- and what was your view at  
9 the time of a \$257.00 per share price for Sport-BLX  
10 stock?

11 A. Well, it was absurd.

12 Q. Why was it absurd?

13 A. Because the company was taking in  
14 capital at a price of around \$200.00 a share. So if  
15 a company raises capital at \$200.00 a share and buys  
16 an investor out at \$257.00 a share, where does the  
17 \$57.00 come from?

18 Q. So in your view the -- the -- the  
19 reasonableness of the price is determined, in part,  
20 by what the investors are willing to pay for their  
21 shares when they come in to the investment?

22 A. Well, there's a lot of things that go  
23 into the reasonableness of it. However, one -- one  
24 test would be is it -- we'll call it -- we'll call  
25 it upside down with the company's capital structure.



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1 In other words, are we paying him more than we're  
2 able to raise capital at? Somebody has to eat that  
3 loss.

4 Q. What was your view of -- of -- you  
5 know, you indicated, I believe, that Mr. Howe and  
6 Mr. Salerno had purchased shares at \$200.00,  
7 approximately. What was your view of the -- as of  
8 the end of May, what was the value of the Sport-BLX  
9 shares?

10 A. Well, I think at that time the -- the  
11 price -- the highest price we could raise capital at  
12 was about \$200.00 a share.

13 Q. And you -- you believed that to be the  
14 appropriate price per share at that time?

15 A. I don't think --

16 MR. SACK: Objection to form.

17 A. There's not one single price for a  
18 company like this. There's a price at which you can  
19 raise capital, and then there's a price at which you  
20 will -- which investors will buy shares, and then  
21 there's a price at which the company would buy  
22 shares back from investors. You could call that  
23 bid-ask spread, if you want, in industry terms. And  
24 for a company like this, the price you would pay is  
25 -- has got to be lower than the price you take in

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1 capital.

2 There was also another data point where  
3 a shareholder that was in the founders' round sold  
4 his shares at approximately \$118.00 a share. So if  
5 we look at the data points, there was one  
6 transaction that occurred at a much lower price than  
7 that.

8 Q. So how did you respond to Mr. Salerno's  
9 request for a buyout at \$2 million for Cypress'  
10 investment?

11 MR. SACK: Would you like him to look  
12 at that email above -- above that that responds?

13 Q. Sure, if that would be helpful.

14 A. Well, I think this was the answer  
15 where in the email I said, "As far as buyout, that  
16 price is a nonstarter."

17 Q. Did you -- before sending that email  
18 did you discuss that with anybody, your response to  
19 Mr. Salerno's request for a buyout?

20 A. I don't recall if I discussed it with  
21 anybody.

22 Q. Did you ever -- did you counter in any  
23 way to Mr. Salerno's request for a buyout at or  
24 around this time?

25 A. As I said, I believe I made a number

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1 of verbal offers at different times. I'm not sure  
2 if they were before the 2 million or after the 2  
3 million.

4 Q. Okay. And do -- other than what you've  
5 already testified to, do you have any recollection  
6 of specific discussions with Mr. Salerno about  
7 buying out Cypress' investment in Sport-BLX?

8 A. We had a number of discussions about  
9 buying out Cypress' shares.

10 Q. Okay. And then other than the \$200.00  
11 per price share you mentioned, were there other  
12 prices discussed?

13 A. I --

14 MR. SACK: Well, he mentioned a  
15 different price.

16 Q. I'm sorry. What was the price you  
17 mentioned, just to be clear for the record? I  
18 thought it was 200 a share, but...

19 A. The price that I was gonna --

20 MR. SACK: Oh. Oh.

21 A. -- purchase at?

22 Q. Yeah, the -- the price -- to be clear,  
23 the price that you offered to buy out Cypress'  
24 investment at. I believe you mentioned at one point  
25 \$200.00 per share. Is that correct?

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1           A.       I think what I said was somewhere  
2       around a million six. I said there were several  
3       different offers, and I think at that time a million  
4       six was -- was approximately \$200.00 a share.

5           Q.       Okay. And you don't recall when that  
6       offer was made?

7           A.       I don't recall if it was before or  
8       after this.

9           Q.       Do you recall what context that offer  
10      was made? Was it made in a board meeting? Was it  
11      made in -- you know, do you have any recollection at  
12      all?

13          A.       I think I made an offer to him through  
14      Mike Staisil, since he spoke to him pretty  
15      frequently, I think.

16          Q.       And you have -- you have no  
17      recollection of when that was?

18          A.       I, at this -- sitting here, I do not.

19                 MR. PEARLSON: Okay. Why don't we  
20      take a break now?

21                 THE VIDEOGRAPHER: It is 1:38 a.m. We  
22      are going off the record.

23                 MR. CARBONE: Eleven, right?

24                 (Recess taken from 11:38 to 11:53  
25      a.m.)

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1 THE VIDEOGRAPHER: It's 11:53 a.m. We  
2 are back on the record.

3 BY MR. PEARLSON:

4 Q. So Mr. Hall, we were -- when we broke  
5 we were talking about certain requests for  
6 information that Mr. Salerno had -- had made to you.  
7 Is it fair to say that your view of Mr. Salerno's  
8 requests for information that day were excessive?

9 MR. SACK: Objection to form.

10 A. I think some of them just made no  
11 sense because there was no fund. Other ones were  
12 reasonable, but the -- the time frames he put on  
13 them were just a complete distraction and  
14 potentially not possible to do, given the bus- --

15 THE WITNESS: I'm turning this off,  
16 and I'm gonna give it back to you in case I...

17 A. I apologize.

18 So the making requests of very detailed  
19 information and demanding it in a week in writing  
20 with a cc to the lawyer, while we had lots of  
21 business, lots of meetings, lots of traveling to do  
22 to advance the business, that seemed inappropriate.

23 Q. Did you view the scope of the request  
24 inappropriate, given his role as a director in the  
25 company?

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1           A.       I think directors are entitled to all  
2     the books and records of a company, but the demands  
3     in writing and some of the requests go beyond  
4     because the requests were about things that didn't  
5     exist or demanding that a dashboard be built.  
6     That's not a request for a document or information,  
7     that's a request for running the business a certain  
8     way, and that's not necessarily appropriate for a  
9     director.

10           Q.       What was your view of Mr. Salerno and  
11     his participation as a director of Sport-BLX?

12                   MR. SACK: Unlimited by time? At any  
13     time?

14           Q.       At any time.

15                   MR. SACK: I'm going to object to the  
16     form, but you can try to answer.

17           A.       Well, directors are entitled to  
18     information and books and records, but their role  
19     primarily is to, with the other directors, agree on  
20     business plan and strategy. Ultimately the  
21     directors agree on management, and management runs  
22     the day-to-day.

23           Q.       And as a member of management did you  
24     believe it was part of your job to provide the board  
25     with the information they needed to make decisions

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1 concerning the strategy and business plan of  
2 Sport-BLX?

3 A. Yes, at board meetings and at the  
4 appropriate timing, if the information actually did,  
5 in fact, exist.

6 Q. Now, at some point did you develop the  
7 view that you wanted to remove Mr. Salerno as a  
8 director of Sport-BLX?

9 MR. SACK: Objection to form.

10 A. I believe at one point I actually  
11 asked him if he would voluntarily resign.

12 Q. Okay. Do you recall when that was?

13 A. I don't recall the date.

14 Q. Do you recall why that was?

15 A. I think his -- I think he was focused  
16 on issues that were detrimental to putting together  
17 the kind of board that I thought could help the  
18 company grow.

19 Q. Okay. And at the time -- first of all,  
20 what were those issues that you found detrimental  
21 that he was focused on?

22 A. Well, if you think about what board  
23 members do, they focus on strategy, they focus on  
24 where the business can go, they focus on trying to  
25 assist management where they can in terms of the

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1 overall goals of the business. I think it's  
2 ineffective, inefficient, and certainly  
3 uninteresting to most board members to have  
4 continuous debates about an issue that was settled,  
5 which is the cost of space, and to have continuous  
6 debates about what the monthly office expense was.  
7 The line item, using just as a term of art here,  
8 forensic analysis of costs is really too micro for  
9 the types of board members that I think I wanted to  
10 put on the board.

11 Q. And in terms of the office expenses, in  
12 addition to paying the Clinton Group rent do you  
13 know if Sport-BLX also paid the Clinton Group for  
14 use of the computers and the other infrastructure --

15 MR. SACK: Objec- --

16 Q. -- related to 510 Madison?

17 MR. SACK: Objection to form.

18 A. So in terms of office expenses, that  
19 would be things like bills from Staples for paper to  
20 send out presentations, that was -- Sport-BLX paid  
21 its own way for that. So, you know, purchasing  
22 things like guidebooks for a Series 7 study for  
23 those that were going to take the Series 7 exam,  
24 that's an office expense or may be listed under  
25 office expense that -- that Sport-BLX pays its own



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1 way. So I think the intent was always to Sport-BLX  
2 would pay the -- the expenses -- the direct expenses  
3 attributed to its business, and that be would it.

4 Q. My question was a little different one.

5 A. Go ahead.

6 Q. Are you aware if in addition to paying  
7 the rent for 510, you know, you had described using  
8 the computers and -- and certain infrastructure  
9 items. Do you know whether Sport-BLX paid the  
10 Clinton Group separately for the use of the  
11 computers and the servers and the items that  
12 constitute the infrastructure at 510?

13 A. I don't believe there was any charge  
14 for use of computers. Certainly there was no charge  
15 for the purchase of the computers. There may have  
16 been technology charges for things that were  
17 specific to Sport-BLX and its technology, but other  
18 than that, I don't recall specifically.

19 Q. Who would know the answer to those  
20 questions as to what Sport-BLX was paying the  
21 Clinton Group for in addition to rent?

22 MR. SACK: Objection to form.

23 A. I don't think the things I enumerated  
24 were paid to Clinton Group.

25 Q. Okay. So it's your testimony that

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1 there were no payments beyond the rent?

2 A. I didn't say that.

3 MR. SACK: Objection to form.

4 Q. Beyond the rent and the direct expenses  
5 that you just described.

6 MR. SACK: Objection to form.

7 A. If there was a -- I mentioned Staples.  
8 If there's a bill for paper, it's paid by an  
9 American Express card, it would be paid by  
10 Sport-BLX. It's -- I don't recall exactly if it was  
11 any kind of a flow-through through Clinton Group,  
12 for example. Clinton Group had accounts open with  
13 lots of different vendors, so I don't know, there  
14 may have been the possibility that something flowed  
15 through Clinton Group, but it was for direct  
16 expenses to the Sport-BLX business.

17 Q. And you testified that you requested  
18 that Mr. Salerno resign from the Sport-BLX board,  
19 correct?

20 A. At one --

21 MR. SACK: Objection to -- objection  
22 to form.

23 A. At one point I believe that's correct.

24 Q. Do you have any recollection as to when  
25 that took place?

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1 A. I don't recall.

2 Q. Do you recall how it took place? Was  
3 it by -- in a conversation at a board meeting? Do  
4 you recall when?

5 A. I think it was an email.

6 Q. An email?

7 A. I believe so, but I don't know for  
8 sure.

9 Q. Do you recall how Mr. Salerno responded  
10 to your request?

11 A. I think it was an email that I made  
12 the request, but I am not entirely sure. And I  
13 think there may be an email in response where he  
14 alluded to the concept of I'll think about it.

15 Q. Okay. Did he ever get back to you  
16 beyond that?

17 A. No.

18 Q. If we could look at Hall-28 for  
19 identification.

20 (Exhibit Hall-28, 11-page email  
21 string, top email being from George Hall to Michael  
22 Salerno dated 7/20/2019, Bates stamped  
23 CLINTON00007033 through 7043, is marked for  
24 identification.)

25 Q. Before we look at that document,

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1 Mr. Hall, do you -- do you recall that Mr. Salerno  
2 was insisting on greater transparency from the  
3 management team at Sport-BLX?

4 A. I do recall him using the word  
5 transparently a number of time -- transparency a  
6 number of times.

7 Q. Okay. And how did you respond to those  
8 requests for greater transparency?

9 MR. SACK: Objection to form.

10 A. I think we were reasonably  
11 transparent.

12 Q. Okay. If we could turn now to exhibit  
13 -- what's been marked as Hall-28 for identification.  
14 It's a document that is CLINT- -- CLINTON00007033  
15 through 7043. And it's an email chain between  
16 yourself and Mr. Salerno. Do you see that?

17 A. Yes.

18 Q. Okay. Now, if you can turn to the --  
19 to page 7035?

20 MR. SACK: You should feel free to  
21 look through the entire document if you -- if you  
22 want.

23 Q. And -- and --

24 MR. SACK: Mr. Pearlson will direct  
25 you to --

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1 Q. Right. And that --

2 MR. SACK: -- something, --

3 Q. And that goes for --

4 MR. SACK: -- but you can look through  
5 the whole --

6 Q. -- any document, --

7 MR. SACK: -- document.

8 Q. -- Mr. Hall. You should tell me if you  
9 need additional time to review the entire document,  
10 but I'm going to be directing you to specific items  
11 here.

12 So Mr. Hall, on 7035 you see there's an  
13 email from Michael Salerno at 11:40, and he has item  
14 "1. On April 4 you disclosed that a purchase  
15 agreement was sent to an investor for 2,244 shares  
16 at \$218.00 per share," and then he requests certain  
17 information. Do you see that?

18 A. It's a little hard to read in this  
19 format, but I do see it, yes.

20 Q. Okay. And does that relate to  
21 Mr. Howe's investment that we were discussing  
22 earlier?

23 MR. SACK: Objection to form.

24 Q. If you recall.

25 A. I don't recall.

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1 Q. Okay. Now, if you could turn to the  
2 page before that, 7034, you see there there's an  
3 email from you to Mr. -- well, first he emails you.  
4 "Joe/George, I have not received info yet?" And  
5 that's in response to the information that he -- he  
6 put on 7035. Do you see that?

7 A. Yes.

8 Q. Okay. And that's two days later. Do  
9 you see that?

10 A. Yes.

11 Q. Okay. And then your response -- you  
12 see your response there to Mr. Salerno?

13 A. Yes.

14 Q. And at the end of it, it says, "And I  
15 asked you to stop emailing us both." Was that the  
16 first time you had told him to stop emailing you?

17 A. Looks like "I asked" is past tense, so  
18 I would assume I asked him once before or a number  
19 of times before.

20 Q. Okay. And why did you email and ask  
21 Mr. Salerno to stop emailing you?

22 A. Well, if there are things that he  
23 thought were best provided by Joe De Perio, there's  
24 no need to cc me.

25 Q. Okay. But you -- you asked him to stop

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1 emailing you both.

2 A. I think -- I think that's technically  
3 correct. If my point was to email Joe directly and  
4 not attach my name, you'd -- I may have asked him to  
5 stop emailing us both, just email Joe De Perio.

6 Q. Okay. And -- and -- and in fact,  
7 despite what you said, Mr. Salerno kept emailing  
8 you, correct, as reflected in this email chain?

9 A. Well, I believe there was a previous  
10 one where he said if it's important, I will email  
11 you both, so...

12 Q. Okay. And if you -- if you could turn  
13 to the first page of the document.

14 And so you see an email from  
15 Mr. Salerno that says, "That is the question, hiding  
16 acts of malfeasance?"

17 A. I do see that.

18 Q. Had Mr. Salerno accused you and  
19 Mr. De Perio of acts of malfeasance?

20 A. I don't know if this is the first time  
21 he used the word or if he had used it before.

22 Q. Okay.

23 A. So...

24 Q. Did -- did he give you any specific  
25 examples of what he considered potential acts of

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1 malfeasance?

2 MR. SACK: You mean in this time, --

3 Q. Yeah, at --

4 MR. SACK: -- July, or --

5 Q. -- this time frame.

6 MR. SACK: -- earlier?

7 Q. This time.

8 A. I -- I never understood what he --  
9 what he meant. I think he -- I'm only speculating,  
10 but he constantly asked about a fund, and I  
11 constantly kept saying there is no fund.

12 Q. No, I don't want to you speculate,  
13 Mr. Hall.

14 A. Okay.

15 Q. So did he -- did he ever specifically  
16 mention to you what he considered to be acts of --  
17 potential acts of malfeasance?

18 A. No.

19 Q. And then you respond at the top of the  
20 page that same day, July 20, "This is why we can't  
21 put a high class board together with your idiotic  
22 behavior." Do you see that?

23 A. Yes.

24 Q. Okay. So who -- who were the members  
25 of Sport-BLX's board as of -- as of July 20, 2019?



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1           A.       I don't recall on that specific date  
2       who were the board members.

3           Q.       Okay. And what efforts had been made  
4       -- were there efforts being made to attract  
5       additional board members in July of 2019?

6           A.       Well, prior to that there was some  
7       interest in having David Falk join the board. There  
8       were another -- a number of other potential people  
9       who we may have considered for the board.

10          Q.       What happened with David Falk with the  
11       board?

12          A.       Well, we just -- as I recall, we  
13       didn't follow through with putting him on the board.  
14       I think for a time we -- we had him as a -- an  
15       advisor to the company.

16          Q.       But you never formally asked him to be  
17       a -- a member of -- a member of the board of  
18       Sport-BLX?

19          A.       I don't recall if we ever asked him,  
20       but certainly we never put him on the board.

21          Q.       Okay. Anybody else that you tried to  
22       get on the board prior to July 20?

23          A.       I don't remember prior to July 20 who  
24       we were -- we were thinking about.

25          Q.       Okay. What did you mean when you say,

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1 "This is why we can't put a high class board  
2 together with your idiotic behavior"?

3 A. Well, if someone comes to a board  
4 meeting and talks about a fund that doesn't exist,  
5 that would be confusing, to say the least, to a  
6 party that came in good faith and wanted to be on  
7 the board and help the company grow.

8 The -- the rent was clearly -- what we  
9 termed "rent," the cost of using space, was clearly  
10 laid out before we invested -- before Mr. Salerno  
11 invested. To keep bringing it up over and over  
12 after we had said, both before he invested and  
13 after, that that's -- that's the number that we --  
14 we put in the pro forma, and that's the number we're  
15 sticking with, and we think that number is  
16 reasonable, to keep talking about it over and over  
17 would not be interesting use of time for the type of  
18 board member that we wanted.

19 To throw out words like "malfeasance"  
20 without anything to back it up, to refer to  
21 something as a "George Hall delay and diversion  
22 tactic" because he didn't get what he wanted two  
23 days later, all of these things, you put them all  
24 together, it would have been humiliating to have a  
25 significant sports or financial professional on the

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1 board.

2 Q. You say in the next sentence, "So we  
3 will have to work around you." What did you mean by  
4 that?

5 A. There were discussions about actually  
6 bringing the rent number -- again, what we referred  
7 to as "rent" in the pro forma, the cost of space,  
8 bringing that directly to a shareholder vote because  
9 if I have any understanding of corporate governance  
10 in Delaware law, if the shareholders -- the  
11 shareholders can vote on certain issues, and that  
12 would be, hopefully, the end of it. That it was  
13 acknowledged that that's what the shareholders  
14 agreed to, or that they at least would agree to at  
15 the time of the vote, and we could not have to  
16 continue to address the same issue.

17 Q. Was the rent issue ever presented to  
18 the shareholders for a vote?

19 A. No.

20 Q. Was there any discussion at this time  
21 -- "So we will have to work around you" doesn't have  
22 any reference or does it have a reference to  
23 Mr. Salerno's role as a director in Sport-BLX?

24 MR. SACK: Objection to form.

25 A. Well, it had to do with taking at

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1 least one issue off the board of directors' plate,  
2 the rent, because if there was a shareholder vote,  
3 then it really would be a nonissue. We had hoped  
4 then it would be a nonissue for Mr. Salerno.

5 Then -- so the -- the other concept  
6 that was -- and again, I don't know exactly at this  
7 time, but the workaround was to have a separate  
8 board of advisors. No official role, not directors,  
9 just a group of consultants that we would retain to  
10 help the company grow. So some of the people that I  
11 think to be -- that I would have been embarrassed to  
12 have at a board meeting, if we had him on a board of  
13 advisors, we could do that and get the benefit of  
14 their counsel.

15 Q. Did you ever try to establish a board  
16 of advisors?

17 A. We did. We actually asked David Falk  
18 to be on a board of advisors. He was technically --  
19 I don't recall technically whether we ever formed  
20 the board of advisors, but he was helpful to us as  
21 an unaffiliated expert in the -- in the field.

22 Q. Okay. In terms of Mr. Salerno, as of  
23 July 20, 2019, had you had any discussions with  
24 anyone at this point about trying to remove  
25 Mr. Salerno from the board?

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1           A.       At this time I don't believe we had  
2       discussed removing him from the board, and so I  
3       would say at this time frame most likely not.

4           Q.       Okay. When was the first time you had  
5       any discussions concerning Mr. Salerno's removal  
6       from the board?

7           A.       When --

8                   MR. PEARLSON: Off the record.

9                   (Discussion off the written record  
10       with the court reporter.)

11                  THE VIDEOGRAPHER: It's 12:14 p.m.  
12       We're going off record.

13                  It is 12:17 p.m. We are back on the  
14       record.

15                  (Last question is read back by the  
16       court reporter.)

17           A.       So at this point the -- the workaround  
18       was to just get business done while he was on the  
19       board, nothing about removing him from the board.  
20       The first discussion I remember having about remo-  
21       -- the possibility to remove him off the board was,  
22       without giving anything up that's privileged, with  
23       Delaware counsel.

24           Q.       Okay. Do you know -- without getting  
25       into the substance of it, do you remember when you

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1 had those conversations with Delaware counsel?

2 A. Somewhere between probably August and  
3 September of 2019 in response to the refusal to  
4 disclose the shareholders of Cypress.

5 Q. Okay. And what did his -- and we'll  
6 get into this, but what did his refusal to provide  
7 that information regarding the owners of Cypress  
8 have to do with his position as a director?

9 A. Well, this was -- the -- the previous  
10 issues that he raised were not huge issues. The --  
11 you know, they were potentially time consuming, and  
12 I think a lot of wasted time, but not disclosing the  
13 LPs actually was going to cripple the business, so  
14 we talked about whether -- we talked about --

15 MR. SACK: Object- -- hold on a  
16 second.

17 Q. Yeah. Just to --

18 MR. SACK: Yeah.

19 Q. Just to make sure that it's --

20 A. I understand.

21 Q. -- not going into the --

22 A. I understand.

23 Q. -- discussions with counsel.

24 MR. SACK: Yeah.

25 A. I talked about a number of issues on

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1 how to deal with this, and that's the first time I  
2 remember thinking about whether he could be removed  
3 from the board.

4 Q. Okay. Now, under your agreement, your  
5 personal agreement with Mr. Salerno and Cypress, you  
6 were obligated to vote your shares in favor of him  
7 being on the board at a vote of the -- for the  
8 directors, correct?

9 A. Correct.

10 Q. Okay. Based on your conversations with  
11 counsel, what, if anything -- strike that.

12 Following your conversations with  
13 Delaware counsel, what, if anything, steps did you  
14 take to try to remove Mr. Salerno from the Sport-BLX  
15 board of directors?

16 A. It was my impression, without  
17 disclosing anything disclosed by counsel, from my  
18 own research it was my impression that we had no  
19 affirmative way to remove him from the board based  
20 on his conduct.

21 Q. Okay. Was your -- was it your view at  
22 the time also that your agreement to vote your  
23 shares in favor of him was a barrier to removing him  
24 from the board?

25 MR. SACK: Objection to form.

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1           A.       I don't think -- I think we're in the  
2       -- you said post this, but I'm talking in the  
3       several months post it, the August/September time  
4       frame that --

5           Q.       Correct.

6           A.       -- we're talking about. The -- the  
7       discussion was potentially --

8                   MR. SACK: Objec- -- uh...

9                   THE WITNESS: Not with the lawyer.

10                  MR. SACK: Okay.

11           A.       Amongst the -- amongst manage- --  
12       myself and Joe in particular, maybe the other board  
13       members, about whether he could be removed for  
14       cause. So it had nothing to do with the two and a  
15       half percent; it was whether his behavior as a board  
16       member -- if we had the right to remove him for  
17       cause.

18           Q.       Did you also discuss whether or not you  
19       could vote him off the board?

20           A.       That was understood that we -- we had  
21       to vote our shares -- Joe -- Joe De Perio and myself  
22       had to vote our shares for him, but that was not --  
23       there was no annual meeting scheduled; that wasn't  
24       under consideration. The question at this time  
25       period was does his behavior rise to the -- the



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1 point of him being removed for cause by a vote of  
2 the other directors.

3 Q. You know, in your testimony you also  
4 mentioned a FINRA application. Can you tell us what  
5 you mean by that, a FINRA application?

6 A. The -- the way that we had hoped that  
7 we could generate revenues was through commissions.  
8 Taking an asset, which could be an athlete's  
9 contract, securitizing it, and selling shares with a  
10 commission attached to it that we would receive at  
11 Sport-BLX. To do that, to collect those commissions  
12 and to sell shares to the public, you need an -- you  
13 need to be regulated by FINRA as a broker-dealer.  
14 So we made an application to FINRA.

15 Q. When did the -- the efforts to get a --  
16 to make a FINRA application begin with respect to  
17 Sport-BLX?

18 A. I don't know when the first -- when  
19 the first efforts towards it went, but probably -- I  
20 -- I don't know. I don't know exactly.

21 Q. And was it Sport-BLX itself that was  
22 going to be the registered broker-dealer, or was  
23 there another entity that was going to act as an  
24 affiliate of Sport-BLX that would be the registered  
25 broker-dealer?

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1           A.       Well, I don't know if you would call  
2       it an affiliate. It was a wholly-owned subsidiary  
3       called BLX Trading that was gonna be -- that was  
4       gonna be the applicant for the broker-dealer.

5           Q.       Okay. And when was BLX Trading formed?

6           A.       I don't recall.

7           Q.       Do you -- and in terms of -- in terms  
8       of the BLX Trading, it's my understanding from your  
9       testimony that it was going to be paid commissions  
10      per trade for the -- trading the assets that would  
11      be -- the athlete's assets or -- that would be  
12      monetized?

13          A.       Well, it -- it, itself, didn't trade  
14      them. It would facilitate, through the platform,  
15      trade between either the athlete and the buyers of  
16      the security or shareholders that traded amongst  
17      themselves we would facilitate.

18          Q.       And that would be done through the  
19      platform that had been developed by ConsenSys and  
20      paid for by Sport-BLX?

21          A.       Well, it was developed with the help  
22      of ConsenSys, but very much by Joe De Perio and  
23      myself.

24          Q.       Okay. And paid for by Sport-BLX?

25          A.       Correct.

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1 Q. Now, did Sport-BLX use or employ the  
2 services of a consultant in connection with its  
3 FINRA application?

4 A. Yes.

5 Q. And who was that?

6 A. Ken Norensberg.

7 Q. And who was Ken Norensberg?

8 A. He has a business called Luxor  
9 something, and his business is consulting on various  
10 FINRA issues, such as applications for a  
11 broker-dealer designation.

12 Q. And did Sport-BLX, in fact, employ  
13 Luxor or Mr. Norensberg to assist them in the --  
14 assist it in the application process?

15 MR. SACK: Objection to form.

16 A. We -- we hired his firm to do that.  
17 We didn't employ him.

18 Q. Okay. And -- and do you know when that  
19 took place?

20 A. I don't remember when we first engaged  
21 him.

22 MR. PEARLSON: Okay. Can we show him  
23 Hall-29?

24 (Exhibit Hall-29, Three-page December  
25 10, 2018, email from Ken Norensberg to various

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1 parties Bates stamped SPORTBLX0153548 through  
2 153550, is marked for identification.)

3 Q. Mr. Hall, if you could just take your  
4 time to look through what's been marked as Hall-29  
5 for identification. It's a document that's been  
6 Bates stamped SPORTBLX0153548 through 0153550.

7 A. Okay.

8 Q. Okay. Mr. Hall, have you seen this  
9 document before?

10 A. I don't recall if I -- one of my email  
11 addresses is on the "To" line. I don't recall if I  
12 read this specifically or not.

13 Q. Do you remember that -- do you have any  
14 -- does this refresh your recollection that you were  
15 searching for a consultant to assist with  
16 Sport-BLX's FINRA application going back to December  
17 of 2018?

18 A. Yes, that was part of the process.

19 Q. Okay. Does this refresh your  
20 recollection at all as to when you actually retained  
21 Luxor?

22 A. I don't know if he was retained at  
23 this point or not. I could read it more carefully,  
24 but...

25 Q. Do you see that Mr. Norensberg is

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1     laying out for you some of the requirements for the  
2     FINRA application?

3             A.       Yes.

4             Q.       And do you see that one of those is a  
5     -- under d. is a lease and floor plan?

6             A.       I do.

7             Q.       And it says -- he says in the third  
8     paragraph down, "We will need, (for the Form BD) the  
9     names of the broker-dealer and the holding company  
10    and the formation documents for both"?

11            MR. SACK: Excuse me, Ross. I'm  
12    sorry. I don't see where you're -- what are you  
13    referring to?

14            MR. PEARLSON: The third paragraph  
15    down.

16            MR. SACK: Oh, I see. Thank you.

17            Q.       What is the Form BD?

18            A.       That's the form that gets filed with  
19    FINRA that they review for applicants seeking a  
20    broker-dealer license.

21            Q.       Okay. And that's the form that the  
22    Sport-BLX entity would need to fill out in order to  
23    apply to FINRA, correct?

24            MR. SACK: Objection to form.

25            A.       Well, we need the Form BD. There may

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1 be other forms that we have to -- I don't know  
2 exactly if that's all-inclusive.

3 Q. Okay. But this doesn't refresh your  
4 recollection as to when the actual FINRA application  
5 process started?

6 A. Well, it looks like it -- I'm not  
7 really sure -- maybe you could help me with what do  
8 you mean, "started"? This looks to me like Ken  
9 Norensberg making a statement as to what has to  
10 happen. So when you say "started," what, exactly,  
11 would you like me to answer in terms of started?

12 Q. Do you recall who introduced you to  
13 Luxor or Mr. Norensberg?

14 A. I don't recall.

15 MR. PEARLSON: If we could show him  
16 Hall-30.

17 (Exhibit Hall-30, Three-page May 3  
18 through May 8, 2019, email exchange between John  
19 Hall, Joseph De Perio, and Ken Norensberg Bates  
20 stamped SPORTBLX0092551 through 92553, is marked for  
21 identification.)

22 MR. SACK: I'm not rushing you, Ross.  
23 I just did want to get a sense of timing, so...

24 MR. PEARLSON: I think we'll just do  
25 this document and then take a break.

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1 MR. SACK: Okay.

2 Q. Mr. Hall, I'm going to show you what's  
3 been marked as Hall-30 for identification. It's  
4 SPORTBLX0092551 through 92553.

5 My first question is do you recall your  
6 brother, John Hall, having a role in the FINRA  
7 application process?

8 A. I don't recall what his role was, but  
9 I think he's the -- one of the few people that had  
10 worked at a broker-dealer and was familiar with  
11 broker-dealer regulatory requirements, so I believe  
12 he was involved.

13 Q. Okay. This email is dated -- and  
14 you're not on the email chain, but it's dated May 8,  
15 2019. Do you -- do you recall that that was the --  
16 at or around that time, that's when they started  
17 engaging with Mr. Norensberg and Luxor?

18 A. Well, there was a December 18 of --  
19 email from 2018, so I'm not sure what you mean by  
20 "engaging."

21 Q. Let me ask you this. Are you aware of  
22 any actions or efforts taking place between the  
23 December 2018 email and this May email with respect  
24 to efforts to make -- to submit a FINRA application?

25 A. I believe Mr. Norensberg was helping

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1 us prepare an application for FINRA.

2 Q. You believe that was going on between  
3 December of 2018 and May of 2019?

4 A. Well, let me read this.

5 Yes, I think we were working on this  
6 prior to this May 8 email.

7 Q. Do you see under Mr. Norensberg's  
8 signature block there's a disclaimer?

9 A. Under the "View Website" and "Ken's  
10 Bio"? Below the signature block I see --

11 Q. The one that begins "Any information or  
12 service." Do you see that?

13 A. I do see it.

14 Q. Okay. And it says, "Any information or  
15 service provided by Luxor Financial Group ('LFG') or  
16 its representatives is not to be construed or  
17 represented as legal advice/opinion."

18 Mr. Hall, did you understand that  
19 Mr. Norensberg was not providing legal advice to  
20 Sport-BLX?

21 A. You're asking me with respect to the  
22 disclaimer?

23 Q. With respect to the FINRA application,  
24 that it wasn't being retained to provide legal  
25 advice to --



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1 A. I don't believe --

2 Q. -- Sport-BLX?

3 A. I don't believe Mr. Norensberg was an  
4 attorney.

5 Q. And so my question is did you  
6 understand that he wasn't providing legal advice to  
7 Sport-BLX in connection with its FINRA application?

8 A. It was not my impression that he was  
9 providing legal advice.

10 MR. PEARLSON: Okay. Why don't we --  
11 why don't we go off the record and take a lunch  
12 break now.

13 THE VIDEOGRAPHER: It's 12:33 p.m.  
14 We're going off the record.

15 (Luncheon recess taken from 12:33 to  
16 1:24 p.m.)

17 THE VIDEOGRAPHER: It is 1:24 p.m. We  
18 are back on the record.

19 (Exhibit Hall-32, 29-page Form BD  
20 Uniform Application For Broker-Dealer Registration,  
21 is marked for identification.)

22 BY MR. PEARLSON:

23 Q. Mr. Hall, I'd like you to look at  
24 what's been marked as Hall-32 for identification.

25 It's a Form BD, a Uniform Application For

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1 Broker-Dealer Registration. Have you ever seen one  
2 of these before?

3 A. I don't recall specifically when I  
4 might have seen it.

5 Q. Did you see the one that was submitted  
6 by Sport-BLX?

7 A. I don't recall specific scenario where  
8 I saw it, but I'm sure I did.

9 Q. Okay. Did you have any role in filling  
10 out the information on the Form BD for Sport-BLX?  
11 Or I should say BLX Trading.

12 A. There may have been questions asked of  
13 me which I answered, but basically we let the  
14 experts take care of this.

15 Q. Okay. And what's your understanding as  
16 to who, specifically, handled submitting this  
17 application to FINRA?

18 MR. SACK: Objection to form.

19 A. I believe it was Ken Norensberg and  
20 his team at Luxor.

21 Q. Did counsel assist at all in the  
22 submission of the -- of the BD application?

23 A. We had some counsel involved early on  
24 in the process, and then counsel was involved later.  
25 I'm not sure what their specific role was with the

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1 application.

2 Q. Okay. And who was the counsel?

3 A. I don't remember the first -- the  
4 first lawyer we were in discussion with, but  
5 ultimately the -- the firm's corporate counsel was  
6 Greenberg Traurig, and the specific FINRA slash  
7 broker-dealer counsel was Will Mack.

8 Q. Okay. And are you aware of whether  
9 Mr. -- did Mr. Mack, when you -- strike that.

10 Do you recall whether he got involved  
11 before or after the application was submitted?

12 A. I don't recall.

13 Q. Do you recall whether Mr. Mack had any  
14 direct contact or communications with FINRA?

15 A. I don't recall.

16 Q. What -- did Mr. Mack provide you with a  
17 written legal opinion in any respect with respect to  
18 the FINRA application?

19 A. I don't recall.

20 Q. If you could look at page 11. I don't  
21 know how else to describe it. It's Schedule A of  
22 Form BD.

23 A. So we have to count.

24 Q. Yeah, you have to count because there's  
25 no pages on it.

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1 A. Understood.

2 Q. It should get you to Schedule A, if I  
3 counted correctly.

4 A. Yes.

5 Q. Okay. So if you look under paragraph 1  
6 there it says, "Use Schedule A only in new  
7 applications to provide information on the direct  
8 owners and executive officers of the applicant. Use  
9 Schedule B in new applications to provide  
10 information on indirect owners." Do you see that?

11 A. Yes.

12 Q. Okay. Now, this was a -- an  
13 application being submitted on behalf of BLX  
14 Trading, correct?

15 A. This has no names on it, so...

16 Q. Well, did -- I'm sorry. The  
17 application that was submitted was submitted on  
18 behalf of BLX Trading?

19 A. Any applications Sport-BLX did with  
20 FINRA, as I recall, was on behalf of BLX Trading, a  
21 wholly-owned subsidiary.

22 Q. Okay. And the direct owner of BLX  
23 Trading was Sport-BLX, correct?

24 A. Yes. I don't recall -- as far as I  
25 recall, the plan was to have BLX Trading remain a

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1 wholly-owned subsidiary of Sport-BLX.

2 Q. Okay. In which case then Sport-BLX  
3 would be the direct owner of BLX Trading?

4 MR. SACK: Objection to form. That  
5 may call for a legal conclusion.

6 A. If my memory is correct, yes.

7 Q. Okay. And do you see the -- they say  
8 under 2(b) that you're supposed to provide certain  
9 information. "In the case of an applicant that is a  
10 corporation, each shareholder that directly owns 5  
11 percent or more of a class of a voting of the  
12 applicant." Do you see that?

13 A. Yes.

14 Q. Okay. And then you see under (c), "In  
15 the case of an applicant that is a partnership, all  
16 general partners, and those limited and special  
17 partners that have the right to receive upon  
18 dissolution, or have contributed, 5 percent or more  
19 of the partnership's capital." Do you see that?

20 A. Oh, that's (c). I'm sorry.

21 Q. I'm sorry. (c). Yes.

22 A. I was still on (b).

23 Okay. I see that.

24 Q. Okay. Is it fair to say that Sport-BLX  
25 -- that Cypress was not a -- a direct owner of 5

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1 percent or more of a class of a voting -- of a class  
2 of a voting of the applicant?

3 MR. SACK: Objection to form. May  
4 call for a legal conclusion.

5 A. So -- I'm sorry. Can you repeat that?

6 Q. Well, let me try to cut through this.

7 A. Okay.

8 Q. Is it fair to say that Cypress was not  
9 a direct owner of BLX Trading?

10 MR. SACK: Objection to form.

11 A. Correct.

12 Q. Okay. If we could turn to Schedule B.  
13 And we just saw that Schedule B is supposed to apply  
14 to indirect owners, correct?

15 MR. SACK: Objection to form.

16 A. I do now see the Schedule B of Form  
17 BD, Indirect Owners, yes.

18 Q. Okay. And is it fair to say that  
19 Cypress was an indirect owner of BLX Trading through  
20 its ownership interest in Sport-BLX?

21 MR. SACK: Objection to form.

22 A. I'm not -- I'm not clear on what --  
23 how "indirect owner" is defined in general. And for  
24 purposes of this, yeah, I believe that Cypress was  
25 an indirect owner.

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1 Q. Okay. And then it says for, you know,  
2 disclosure obligations with respect to indirect  
3 owners. Do you see in item (d) it says, "In the  
4 case of an owner that is a Limited Liability  
5 Company, those members that have the right to  
6 receive upon dissolution, or have contributed, 25  
7 percent or more of the LLC's capital, and if managed  
8 by elected managers, all elected managers." Do you  
9 see that?

10 A. I do.

11 Q. Okay. Is there anything that you see  
12 on this that would require the disclosure of  
13 Cypress' -- all of Cypress' limited partners?

14 MR. SACK: Objection to form. Calls  
15 for a legal conclusion.

16 A. Well, you're talking about section  
17 (d)?

18 Q. Yes. In -- well, in any of the  
19 sections, but in particular section (d). Is there  
20 anything in there that would require -- that would  
21 require the disclosure of the LPs of Cypress?

22 A. Well, section (d) refers to a limited  
23 liability company.

24 Q. Okay. And what about in terms of LPs  
25 under (b)?

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1 Well, strike that. Let me -- let me  
2 ask you this.

3 It says, "In the case of an owner that  
4 is a partnership, all general partners, and those  
5 limited and special partners that have the right to  
6 receive upon dissolution, or have contributed, 25  
7 percent or more of the partnership's capital." Do  
8 you see that?

9 A. I see 25 percent or more of a class of  
10 voting secured. Am I in the wrong place?

11 MR. SACK: It's B as in boy.

12 A. (b). Okay.

13 Q. (b) -- right. Correct. Thank you.

14 A. All right. Case of an owner that's a  
15 partnership, all general partners...

16 Okay. I've read it.

17 Q. Okay. Doesn't that suggest to you that  
18 only 25 -- owners who are 25 percent or more owners  
19 or have contributed 25 percent more of the capital  
20 of a partnership have to report?

21 A. No.

22 MR. SACK: Objection to form.

23 Q. Have to be disclosed?

24 A. No.

25 Q. That isn't what it says?



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1 MR. SACK: You're asking him what it  
2 says or what his understanding was?

3 Q. Yeah. Well, let me ask you both.  
4 First of all, isn't that what it says?

5 A. It is what it says, clearly.

6 Q. Okay. And why isn't that -- why isn't  
7 that consistent with your understanding?

8 A. Of -- what's the question?

9 Q. The question is, doesn't this suggest  
10 that the only partners of Cypress that would have to  
11 be disclosed on the -- according to the Form BD are  
12 those limited and special general partners and  
13 limited and special partners that have the right to  
14 receive upon dissolution, or have contributed, 25  
15 percent or more of the partnership's capital?

16 MR. SACK: So what was the question?  
17 I think we need to hear it, and I may have an  
18 objection. I just want to hear it.

19 MR. PEARLSON: Can you read it back,  
20 please?

21 (Last question is read back by the  
22 court reporter.)

23 MR. SACK: Objection to form.

24 A. My answer to that is no.

25 Q. Okay. What's the basis for your

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1 answer?

2 A. I don't think Schedule B is  
3 dispositive in terms of who needs to disclose.

4 Q. Okay. But that's what -- I'm just  
5 asking you now as to what Schedule B of Form BD  
6 says.

7 A. Schedule form -- Schedule B of Form BD  
8 says "list below," and section (b) would not apply  
9 to Cypress.

10 Q. Why wouldn't (b) apply to Cyp- -- I'm  
11 not saying -- are you saying (b) of Schedule B does  
12 not apply to Cypress?

13 A. (b) of Schedule B, as you pointed out,  
14 does not apply to Cypress.

15 Q. And why is that?

16 A. Well, actually, I'm not totally sure  
17 that's true either.

18 Q. Okay.

19 A. So...

20 Q. Is there anything you see on either  
21 Schedule A or Schedule B that would require Cypress  
22 to disclose all of its beneficial owners?

23 MR. SACK: Objection to form. Calls  
24 for a legal conclusion.

25 A. Possibly (b). I may stand corrected.

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1 (b).

2 Q. (b) of sched- -- 2(b) of Schedule B?

3 A. Yes.

4 Q. That would require the disclosure, in  
5 your view, of all limited partners of Cypress?

6 A. It's possible. I -- I would have to  
7 seek further advice from an expert, but it seems  
8 possible, yes.

9 Q. Okay. Are you aware of any limited  
10 partners of Cypress who contributed 25 percent or  
11 more of the partnership's capital?

12 MR. SACK: You're asking him what his  
13 awareness is now?

14 MR. PEARLSON: Yes.

15 MR. SACK: As of what period of time?

16 Q. I'm saying as of now are you aware of  
17 any partners of Cypress who hold 25 percent or more  
18 of the partnership's capital?

19 A. Well, I'm not sure I totally  
20 understand the meaning of section (b), but it says  
21 all general partners and those limited special  
22 partners. At the time the application went in  
23 Cypress may very well have contributed more than 25  
24 percent of the partnership's capital.

25 Q. Wait. Sport-BLX, Inc. is a

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1 corporation, correct?

2 A. Yes.

3 Q. Okay. And it says for -- for the --  
4 each in the case of an owner that's a corporation,  
5 it has the right to vote or has the power to sell or  
6 direct the sale of 25 percent or more of a class of  
7 a voting security.

8 MR. SACK: You're referring to 2(a)  
9 now?

10 MR. PEARLSON: Correct.

11 A. Okay. I may need reading glasses  
12 after this.

13 May I read (a) again just to be sure --

14 Q. Sure.

15 A. -- I understand?

16 "In the case of an owner that's a  
17 corporation..."

18 Q. Mr. Hall, let me try to be clear here.

19 A. Okay.

20 Q. So we're talking about which form,  
21 which schedule --

22 A. Um-hum.

23 Q. -- Cypress would be on, if any, with  
24 respect to the Form BD.

25 A. Okay.

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1 Q. And as we've established, Cypress is an  
2 indirect owner of BLX Trading, right?

3 A. I said I believe that's correct, yes.

4 Q. And it has a direct ownership in  
5 Sport-BLX, which is a direct owner, correct?

6 A. Yes.

7 Q. Okay. So in terms of what would apply  
8 to Cypress on Schedule B of Form BD, isn't it the  
9 case that it would be 2(b), which is an indirect  
10 owner that is a partnership?

11 MR. SACK: Objection to form.

12 And we're now just talking about what  
13 the document says?

14 MR. PEARLSON: That is correct.

15 A. Okay. So I'm confused by this  
16 document, and if you help me understand it, I'm  
17 happy to answer your question.

18 Q. Let me just try to cut through it, --

19 A. Okay.

20 Q. -- if I can.

21 A. Good.

22 Q. And the question is, is there anything  
23 in Schedule B that you understand required Cypress  
24 to disclose all of the limited partners?

25 MR. SACK: You say understands today

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1 as he's sitting here?

2 MR. PEARLSON: Correct.

3 A. Potentially (b).

4 Q. Potentially (b)?

5 A. Well, I'd have to read -- since (b) is  
6 subsection of 2, and 2 refers to owners listed on  
7 Schedule A, I'd have to look at it a little more  
8 carefully.

9 Q. Okay.

10 A. If you'd like, I'll do that.

11 Q. Okay. Under what circumstances would  
12 you understand 2(b) to require the disclosure of all  
13 the limited partners of Cypress?

14 MR. SACK: His opinion now as he's --

15 MR. PEARLSON: Yes.

16 MR. SACK: -- sitting here?

17 A. Well, I believe the total capital  
18 raised for Sport-BLX by the summer of 2019 was about  
19 3 something million dollars. So Cypress' investment  
20 was \$1 million, which I think would be more than 25  
21 percent of the contributed capital.

22 Q. Okay. So you understood that Cyp- --  
23 that would require Cypress to be disclosed under  
24 Schedule B?

25 MR. SACK: Objection to form. Now

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1 you're going to past tense. Understood at the time  
2 or understands now?

3 Q. Your understanding now. Is that your  
4 understanding now, based on this document?

5 A. This is a complex schedule that I'd  
6 rely on experts to -- to help us if we were going to  
7 make this application. Reading it now, I do believe  
8 that Cypress contributed more than 25 percent of the  
9 partnership's capital, but it's a corporation.  
10 Sport-BLX is a corporation, so I'm not sure if (b)  
11 applies. I'd have to look at it more carefully --

12 Q. Okay.

13 A. -- to give --

14 Q. Fair enough.

15 A. -- you an answer.

16 Q. Did you ever see the -- what -- how  
17 Cypress -- if Cypress was disclosed in the original  
18 application that was submitted on behalf of  
19 Sport-BLX Trading? BLX Trading I mean?

20 A. I don't know if I have direct  
21 knowledge of it, but my understanding is that  
22 Cypress was disclosed.

23 Q. Okay. And do you know whether all the  
24 limited partners of Cypress were disclosed in the  
25 original application?

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1           A.       We didn't know the limited partners at  
2       the time.

3           Q.       Okay. Do you know when that  
4       application was submitted?

5           A.       I don't recall specifically.

6           Q.       Did you have any specific discussions  
7       with Mr. Norensberg or anybody from Luxor about what  
8       needed to be disclosed with respect to Cypress in  
9       connection with the FINRA application of BLX  
10      Trading?

11          A.       Well, my understanding is the  
12      application was submitted, and FINRA had follow-up  
13      questions.

14          Q.       Okay. And did you speak directly to  
15      anybody about that?

16          A.       I may have spoken directly to  
17      Mr. Norensberg. I definitely spoke to Mr. Mack, and  
18      I'm sure I spoke to Mr. De Perio about it.

19          Q.       Do you know whether Mr. Mack was in  
20      direct contact with FINRA?

21          A.       I don't know, but I don't believe so.

22          Q.       Okay. If we could look at what's been  
23      marked as Hall-34.

24                   (Exhibit Hall-34, 22-page July 3 and  
25      9, 2019, email from Luxor Financial Group Operations



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1 Department to John Hall and Joseph De Perio with  
2 attached BLX Trading Corp Proposed Business Plan  
3 Bates stamped SPORTBLX00049502 through 49523, is  
4 marked for identification.)

5 Q. Mr. Hall, I'm going to show you what's  
6 been marked as Hall No. 34 for identification. It's  
7 an email chain Bates stamped SPORTBLX00049502  
8 through 50528.

9 MR. SACK: I think the last page is  
10 523.

11 A. I see 23.

12 MR. PEARLSON: I'm sorry. Say that  
13 again?

14 MR. SACK: 523, I think, is the last  
15 page of our document.

16 MR. PEARLSON: Oh, I'm sorry. 523.

17 A. Yes.

18 Q. Okay. Have you seen this document  
19 before, both the email and the attachment?

20 A. I don't know if I saw the email. I  
21 don't know if I saw this specific attachment, but I  
22 may have seen similar attachments.

23 Q. Okay. Do you know -- do you know what  
24 the attachment is that says "BLX Trading Corp.  
25 Proposed Business Plan"?

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1 A. That's what it says, yes.

2 Q. Okay. Do you know who -- who -- what  
3 that document is?

4 A. It's a proposed business plan to be  
5 part of the application to FINRA.

6 Q. Do you know who prepared the proposed  
7 business plan for BLX Trading?

8 A. Well, it was -- ultimately I believe  
9 it was prepared by Mr. Norensberg with input from  
10 various people at Sport-BLX.

11 Q. Did you participate in putting it  
12 together?

13 A. Not in the actual answering of  
14 questions, but the providing some of the  
15 information, --

16 Q. Did you --

17 A. -- I would assume so.

18 Q. Did you review it before it was  
19 submitted to FINRA?

20 A. I don't recall specifically reviewing  
21 it.

22 Q. Okay. Did you -- do you -- do you know  
23 who did from Sport-BLX before it was submitted to  
24 FINRA?

25 A. I would be speculating on who it would

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1 be. Probably a number of people.

2 Q. Okay. And do you see at the -- on the  
3 -- in the cover there's a -- it's a -- it's an email  
4 from the operations department at Luxor on July 9  
5 sending an email to John Hall. Do you see that?

6 A. Yes.

7 Q. And it cc's Mr. De Perio and Ken  
8 Norensberg. Do you see that?

9 A. Yes.

10 Q. So this is an email from -- do you know  
11 who it's from at Luxor?

12 A. No.

13 Q. Do you know who Marcus is? It says at  
14 the bottom of the email.

15 A. I think he was one of Mr. Norensberg's  
16 associates.

17 Q. Okay. And he has -- and you see in  
18 that email he has a few questions. Do you see that?

19 A. Yes.

20 Q. Okay. And then in there he says --  
21 No. 2, it says, "FINRA needs to see the owners, even  
22 if less than 10 percent ownership. The current  
23 ownership adds up to 71.9 percent. We need the  
24 rest." Do you see that?

25 A. I do.

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1 Q. Do you know who -- where the rest -- if  
2 you add up the -- and if you look at the business  
3 plan. I'm sorry. If you go to 49509, do you see  
4 that it has the ownership interests that -- that  
5 were set forth in the business plan?

6 A. I see "Ownership Structure," section  
7 B, yes.

8 Q. Okay. Do you -- were those numbers  
9 accurate at the time? Did you own 49.6 percent; did  
10 Mr. De Perio own 22.3 percent?

11 MR. SACK: Objection to form.

12 A. Without doing the precise calculation  
13 I can't say for sure, but that sounds about right.

14 Q. Okay. It says that you were indirect  
15 owners through Sport-BLX, Inc. Do you see that?

16 A. Yes.

17 Q. And also Mr. De Perio as an indirect  
18 owner of BLX Trading through Sport-BLX, Inc., right?

19 A. Yes.

20 Q. Who were the other owners of --  
21 indirect owners of BLX Trading through Sport-BLX,  
22 Inc. at this time that made up the remaining  
23 percentage?

24 A. Well, the investors that put money  
25 into the company through various rounds of financing

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1 that we did.

2 Q. Okay. Do you know who they were at  
3 this time?

4 A. At this time, yes.

5 Q. All right. Who were they?

6 A. Oh, I don't -- I don't know if I could  
7 rattle off all the names, no.

8 Q. Okay. Do you know how many there were?

9 A. I don't know. Probably 15 or so.

10 Q. And do you know where I could see a  
11 document that would set forth the names of the  
12 owners and the different percentages they held at  
13 this time?

14 A. I do.

15 Q. Where would I find that?

16 A. It's been produced.

17 Q. In what document?

18 A. I don't recall the Bates number.

19 Q. Well, can you tell me -- does the  
20 document have a name?

21 A. Could get it for you.

22 I think Cap Table.

23 Q. Okay. And that would tell me the other  
24 owners, and they -- and in this document, in the  
25 email, Luxor is saying that "We need the rest,"

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1 referring to the rest of the indirect owners. Is  
2 that correct?

3 MR. SACK: You're saying what the  
4 document says?

5 Q. Yeah. The email that --

6 MR. SACK: The email.

7 Q. That Luxor is asking for the rest of  
8 the current ownership.

9 A. That's what this says.

10 Q. Okay. Do you -- do you know whether  
11 that was provided to Luxor?

12 A. I don't recall.

13 Q. Do you know whether that was submitted  
14 -- the full ownership information was submitted to  
15 -- the names of the indirect owners was submitted to  
16 FINRA?

17 A. I don't think we were ever able to get  
18 the names of the indirect owners.

19 Q. Well, wasn't Cypress an indirect owner?

20 A. My understanding, and again, this is  
21 not something that I'm directly involved in by  
22 conversation, but Cypress was not an adequate  
23 disclosure of the indir- -- indirect owners.

24 Q. Okay. Are you saying that's what is  
25 being said as of July of 2019, or is that at another

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1 time?

2 MR. SACK: Said by whom to whom? I'm  
3 -- objection to form.

4 Q. Well, when Luxor asks for the  
5 ownership, the current ownership, and they're  
6 talking about the 71.9 percent that you and  
7 Mr. De Perio hold, do you understand them to just be  
8 asking for the -- the ownership of Sport-BLX that  
9 are indirect owners of BLX Trading?

10 MR. SACK: Objection to form. Calls  
11 for speculation.

12 A. So this email wasn't sent to me, so I  
13 don't know if I could answer that with respect to  
14 this email.

15 Q. Okay. Did there come a time where you  
16 learned that -- or did you understand that Cypress  
17 did have to disclose all of the LPs that comprised  
18 Cypress?

19 A. Yes.

20 Q. Okay. And when did you learn that?

21 A. Well, after we learned that there were  
22 investors other than Mr. Salerno in Cypress.

23 Q. Okay. But specifically in the -- in  
24 the FINRA application process --

25 A. Um-hum.

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1 Q. -- was there a point in time where  
2 someone told you we have to disclose all of the LPs  
3 of Cypress, L.P.?

4 MR. SACK: "We" being Sport-BLX?

5 Q. Yes. Or BLX Trading as the applicant.

6 A. I think there were a number of  
7 questions that led to that question, but ultimately  
8 that's where we arrived.

9 Q. Okay. And who did -- who told you  
10 that?

11 A. I would assume Joe De Perio or John  
12 Hall.

13 Q. Okay. Do you recall having a specific  
14 discussion with them?

15 A. No.

16 MR. PEARLSON: Can we do -- look at  
17 Hall-35?

18 (Exhibit Hall-35, Five-page email  
19 string among multiple parties dated 8/2 to 8/5/2019,  
20 Bates stamped SPORTBLX00050524 through 50528, is  
21 marked for identification.)

22 MR. SACK: Which number, Ross?

23 MR. CARBONE: 35. Sorry.

24 MR. SACK: Thank you.

25 Q. Okay. Mr. Hall, I'd like you to look



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1 at what's been marked Hall-35 for identification.

2 It's an email chain that's Bates stamped

3 SPORTBLX00050524 through 50528.

4 If you could turn to the -- to 50526,  
5 at the --

6 MR. SACK: Just if you'd like to look  
7 at the whole document, you can do that as well.

8 Q. Drawing your attention to the email at  
9 the top, Mr. Norensberg writes to you, John Hall,  
10 and Mr. De Perio asking, "How are we looking?" Do  
11 you see that?

12 A. I do.

13 Q. Okay. Does this refresh your  
14 recollection that you were in the process of the  
15 FINRA application in August of 2019?

16 A. I was in the dis- -- I was --  
17 participated in various discussions about the FINRA  
18 application and the disclosure of the Cypress LPs.  
19 I can't necessarily say that with respect to this  
20 email.

21 Q. Okay. And if you look at the page  
22 before, it says, "Michael Salerno is the owner of  
23 Cypress Holdings III. He is a local (NJ)  
24 entrepreneur." Do you see that?

25 A. Yep, I do.

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1 Q. Okay. And then if you -- if you look  
2 above that, Luxor -- Marcus from Luxor responds, if  
3 you see No. 2, "FINRA asked for the individuals who  
4 own all the entities listed in the schedule of  
5 shareholders (Cypress Holdings, GlassBridge, and  
6 others. You only sent the" owners "of Cypress  
7 Holding" -- "you only sent the owner of Cypress  
8 Holdings. Also FINRA wanted to know that you have  
9 performed due diligence on these individuals." Do  
10 you see that?

11 A. I do.

12 Q. Okay. And were you a participation in  
13 these conversations or correspondence with Marcus  
14 about what FINRA was asking for?

15 A. I don't know if I ever spoke directly  
16 to Marcus.

17 Q. Okay. And do you -- do you know what,  
18 if anything, BLX Trading had disclosed about Cypress  
19 other than Mr. Salerno was the owner?

20 MR. SACK: Are you saying does he know  
21 -- does he have a specific memory of it?

22 MR. PEARLSON: Yes.

23 A. I don't have a specific memory of  
24 anything other than what's here.

25 Q. Okay. Who -- who at Sport-BLX would

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1 have been directly involved in these correspon- --  
2 in the correspondence and the communications leading  
3 up to the FINRA application?

4 MR. SACK: With Luxor?

5 MR. PEARLSON: Luxor.

6 A. At times myself, at times John Hall,  
7 at times Joe De Perio, potentially others that I  
8 don't recall at this moment.

9 Q. Okay. Do you know, were you aware when  
10 the FINRA application was first submitted or the  
11 Form BD?

12 A. I don't recall.

13 Q. Do you recall if there was a business  
14 plan attached to it?

15 A. I don't recall specifically, but --  
16 no, I don't recall specifically.

17 Q. Okay. Do you -- was there a point in  
18 time where someone came back to you and said FINRA  
19 has requested additional information that we need?

20 A. Not necessarily in those words, but  
21 yes.

22 Q. Okay. And -- and when was that?

23 A. I don't recall.

24 Q. Who was that?

25 A. Probably either Joe De Perio or John

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1 Hall, I would assume.

2 Q. Okay. And did you -- first, did you  
3 speak to Mr. Salerno about disclosing the ownership  
4 of Cypress to FINRA?

5 MR. SACK: At any time?

6 Q. At any time.

7 A. Well, let me be more clear. I spoke  
8 to him about -- first I asked if he was the sole  
9 owner, as we thought, and eventually I asked him to  
10 disclose to Sport-BLX so that Sport-BLX could put it  
11 in the application which would eventually get to  
12 FINRA.

13 Q. Okay. And when you say -- did you --  
14 did you specifically -- did someone request for you  
15 to make a request of Mr. Salerno of the information  
16 relating to the ownership of Cypress?

17 MR. SACK: Objection to form.

18 A. As I recall, Joe De Perio made a  
19 number of requests that were unanswered, and after a  
20 while I believe I sent him an email asking for the  
21 information.

22 Q. Did you ever see anything from FINRA  
23 that requested that Cypress disclose all the  
24 beneficial owners?

25 A. I don't recall.

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1 Q. And other than yourself and  
2 Mr. De Perio, are you aware of anybody else at  
3 Sport-BLX discussing the disclosure of Cypress --  
4 Cypress' limited partners to FINRA?

5 MR. SACK: Objection --

6 A. Discussions with who?

7 MR. SACK: -- to form. Yeah.

8 A. Discussions with who?

9 Q. Well, did -- let me rephrase that.

10 A. Well, clearly John Hall is in the  
11 discussion --

12 Q. Right.

13 A. -- in this email.

14 Q. Did any -- did anyone other than  
15 yourself and Mr. De Perio speak directly to  
16 Mr. Salerno about disclosing the limited partners of  
17 Cypress to FINRA?

18 MR. SACK: And do you mean by email as  
19 well as phone?

20 MR. PEARLSON: Sure.

21 MR. SACK: What do you mean,  
22 "communicate"?

23 Q. Any kind of communication or  
24 correspondence.

25 A. During what time period?

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1 Q. Around this time in August of 2019.

2 A. Well, at some point Mr. Mack made a  
3 presentation to the entire board, so that was, I  
4 guess, ultimately a communication to Mr. Salerno as  
5 well. Joe De Perio did, and I did.

6 Q. Okay. And when -- when did Mr. Mack  
7 make his presentation to the board?

8 A. I forget which board meeting it was.

9 Q. Okay. What was the nature of his  
10 presentation?

11 A. To -- it was part of -- there were two  
12 parts to the presentation by attorneys. Mr. Mack  
13 specifically was speaking about the FINRA  
14 application.

15 Q. And what did he say about the FINRA  
16 application to the board?

17 A. That we needed to -- FINRA had  
18 requested the ultimate owners of Cypress, and that  
19 had to be disclosed, or the application would be  
20 rejected.

21 Q. Okay. Did he make any kind of -- did  
22 he give out any materials at the board meeting?

23 A. I -- I don't believe so.

24 Q. Did he give any kind of legal opinion  
25 to the -- to the company about the -- about the need

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1 to disclose the limited partners of Cypress?

2 MR. SACK: Objection to form.

3 A. He told us that it had to be done. I  
4 don't think that's technically what law firms  
5 consider an opinion, a legal opinion.

6 Q. Did he say what the --

7 MR. SACK: But -- were you finished  
8 with your answer?

9 Q. Did he -- did he say what the basis was  
10 for that requirement that Cypress had to disclose  
11 its bene- -- the beneficial owners of the limited  
12 partnership?

13 A. Because FINRA wanted not only to know  
14 but also wanted the applicant to know who the  
15 beneficial owners are.

16 Q. Was this his opinion, or was this based  
17 on his correspondence with FINRA?

18 MR. SACK: Objection to form.

19 Q. To your understanding.

20 A. My understanding, it's based on his  
21 general expertise in FINRA regulatory issues.

22 Q. Prior to that meeting had Mr. Mack  
23 expressed that opinion to anyone at Sport-BLX?

24 MR. SACK: Objection. I just want to  
25 think about that for a moment. Hold on one second.

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1 (Confers with co-counsel.)

2 MR. SACK: Okay. Let's hear the  
3 question back, and let's see if Mr. Hall can give a  
4 "yes" or "no" answer, and then we'll take it from  
5 there.

6 (Last question is read back by the  
7 court reporter.)

8 A. Without remembering specific  
9 conversations, yes.

10 Q. Was that in writing?

11 A. I don't recall.

12 Q. Can we look at what's been marked  
13 Hall-36 for identification?

14 (Exhibit Hall-36, Two-page email  
15 string between Joseph De Perio, Michael Salerno, and  
16 George Hall dated 8/5 through 8/9/19, Bates stamped  
17 SPORTBLX00027555 and 27556, is marked for  
18 identification.)

19 (Discussion off the written record  
20 while exhibit is being exchanged.)

21 Q. Mr. Hall, I'm going to ask you to look  
22 at what's been marked Hall-36. It's a two-page  
23 email that's been Bates stamped SPORTBLX00027555 to  
24 27556. The first one, if you go to the back page,  
25 is dated August 5. It says, "Mike - As a matter of



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1 normal course with our FINRA review, they have asked  
2 us to note who the beneficial owners are of Cypress  
3 Holdings, the shareholder of record. Can you please  
4 advise so we can complete their interrogatories?"

5 Are you aware, first of all, whether  
6 this was the first time that Sport-BLX had requested  
7 that information from Mr. Salerno?

8 A. I don't know if this was the first  
9 time.

10 Q. Okay. Do you know -- when it says,  
11 "Can you advise so we can complete their  
12 interrogatories," had you ever seen any written  
13 questions from FINRA asking for that information?

14 A. I don't know if I saw it.

15 Q. Okay. And if you look at --

16 THE REPORTER: I'm sorry. I didn't  
17 hear that.

18 THE WITNESS: If it existed.

19 Q. Okay. And then you see on the first  
20 page there are a couple of follow-up emails with  
21 Mr. De Perio asking for the beneficial owners of  
22 Cypress. Do you see that?

23 A. Yes.

24 Q. Okay. And in the top email  
25 Mr. De Perio says, "We would like your cooperation"

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1 -- first of all, he asks -- he says, "I want to  
2 follow up again on the FINRA interrogatory on our  
3 shareholding. We are prepared to disclose  
4 beneficial ownership of all investment entities  
5 within our shareholding with the exception of  
6 Cypress."

7 Does that mean all the other  
8 shareholders had disclosed their beneficial  
9 ownership?

10 A. I think with the exception of  
11 GlassBridge, which as a public company, and an  
12 enormous group of shareholders, did not have to  
13 disclose the beneficial owners of GlassBridge.

14 Q. Do you know whether GlassBridge had to  
15 disclose certain shareholders who owned a certain  
16 percentage of stock in the company?

17 A. I don't recall.

18 Q. Okay. And he says, "We would like your  
19 cooperation here to push forward" with "the FINRA  
20 compliance to advance our business. If not, we will  
21 take structural steps with Sport-BLX, Inc. and our  
22 broker-dealer sub to make sure we are compliant."

23 Do you know what he meant by that,  
24 taking structural steps with Sport-BLX, Inc.?

25 MR. GOLD: Objection to form.

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1           A.       Well, I think at one point there was a  
2       consideration of making the -- not having BLX  
3       Trading be a wholly-owned subsidiary of Sport-BLX,  
4       but to be an entity that was owned by those that  
5       were willing to cooperate with what was required for  
6       the FINRA application.

7           Q.       Okay. What -- what -- were there  
8       alternatives available to Sport-BLX, Inc. if it  
9       wanted to have a relationship with a broker-dealer  
10      to engage in its business model?

11                  MR. SACK: Objection to form. May  
12      call for a legal conclusion.

13           A.       No. Not with the existing business  
14      model.

15           Q.       Okay. So there was no alternative if  
16      it did not have a wholly-owned broker-dealer; there  
17      was no way for it to move forward with its business  
18      plan?

19                  MR. SACK: Objection to form.

20           A.       Well, if you define for me what you're  
21      including in the business plan.

22                  The business plan included being FINRA  
23      -- collecting commissions, which required FINRA, so  
24      without a FINRA registered broker-dealer, we  
25      couldn't collect commissions.

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1 Q. And was it your understanding that it  
2 required a wholly-owned broker-dealer as opposed to  
3 one that was either partially owned or had a  
4 relationship with a third party broker-dealer?

5 MR. SACK: Objection to form.

6 A. The commissions go to the registered  
7 broker-dealer entity, so the beneficiary of those  
8 commissions would be the owners of that entity.

9 Q. Did you ever direct Mr. Salerno to --  
10 strike that.

11 Did you discuss the issue directly with  
12 Mr. Salerno of disclosure of the LPs of Cypress?

13 A. Yes.

14 Q. Okay. What were the nature of your  
15 discussions with him?

16 A. I asked -- when he didn't respond to  
17 Joe De Perio's multiple requests, I asked him to  
18 respond to me very simply if he was the sole owner  
19 of Cypress, and there were further discussions after  
20 that.

21 Q. And did you -- were these discussions  
22 by email, or were they in-person discussions?

23 A. Well, we discussed it either at board  
24 meetings or by phone calls, as well as emails.  
25 There was communication about this subject.

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1 Q. And at any time did you -- did  
2 Mr. Salerno indicate to you why he was reluctant to  
3 disclose the limited partners of Cypress to you?

4 A. Well, the first excuse he gave was he  
5 didn't want to disclose issues around his estate  
6 plan.

7 MR. PEARLSON: Could we show --

8 THE VIDEOGRAPHER: Off the record?

9 THE WITNESS: You want some more  
10 water?

11 MR. PEARLSON: Could we go off the  
12 record?

13 THE VIDEOGRAPHER: 2:09 p.m. We're  
14 going off the record.

15 (Discussion off the record.)

16 THE VIDEOGRAPHER: It's 2:11. We are  
17 now on the record.

18 BY MR. PEARLSON:

19 (Exhibit Hall-38, Three-page email  
20 exchange between Michael Salerno, George Hall, and  
21 Joseph De Perio, dated 8/9/19, Bates stamped  
22 SPORTBLX00050629 through 50631, is marked for  
23 identification.)

24 Q. Mr. Hall, if you could look at what's  
25 been marked as Hall-38 for identification. It's an

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1 email exchange between you and Mr. Salerno on August  
2 9. Do you see that?

3 A. Yes.

4 Q. And you see that you're asking him to  
5 confirm that he's the sole owner of Cypress or to  
6 disclose whether there's other ownership; do you see  
7 that?

8 A. Yes.

9 Q. And he responds by saying, "Let's  
10 discuss as my concern is my estate plan structure  
11 which I am not inclined to make public." Do you see  
12 that?

13 A. I do.

14 Q. Did you discuss that with him, that  
15 issue with him that he raised?

16 A. I believe there were some discussions  
17 about it, yes.

18 Q. Okay. What were the nature of your  
19 discussions with Mr. Salerno about his reluctance to  
20 disclose his estate plan structure?

21 A. Well, I didn't really understand what  
22 he meant by "estate plan structure." I certainly  
23 didn't care about any legal or tax structure he had.  
24 I wanted to know beneficial owners. So that comment  
25 made no sense to me.

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1 Q. Did he explain to you why he had that  
2 concern?

3 A. I --

4 Q. I'm sorry. Go ahead.

5 A. If I may.

6 And then I believe I also discussed the  
7 concept of making it public. We weren't -- we were  
8 -- Sport-BLX management would know who the  
9 beneficial owners are, FINRA would know who the  
10 beneficial owners are. I don't know of any public  
11 disclosure other than something that FINRA may put  
12 in -- in their public disclosures, but...

13 Q. In the context of your conversations  
14 with Mr. Salerno did you ever discuss with him  
15 speaking to either Mr. Norensberg or Mr. Mack about  
16 the need to disclose Cypress' LPs?

17 MR. SACK: At any time.

18 Q. At any time.

19 MR. SACK: At any time you spoke with  
20 Salerno.

21 A. Well, we were proactive, and we  
22 brought Mr. Mack, by phone, into a board meeting to  
23 answer questions and explain the issue.

24 Q. Did Mr. Salerno ask questions in that  
25 meeting?

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1 A. I don't recall.

2 Q. Do you recall whether Mr. Salerno asked  
3 for his counsel to have access to Mr. Norensberg or  
4 Mr. Mack so that he could make inquiries about the  
5 need to disclose the LPs of Cypress?

6 A. So there was -- there were evolving  
7 answers from him. Originally he wanted to disclose  
8 to FINRA and not to Sport-BLX, and then at some  
9 point I think he may have asked if his counsel could  
10 talk to our counsel, and it was much later, I think,  
11 in retrospect, and not quite accurate that -- the  
12 concept of having the two counsels call together,  
13 but none of those were acceptable.

14 Q. Okay. Do you recall when it was that  
15 Mr. Salerno first raised the idea of disclosing  
16 directly to FINRA the beneficial ownership of  
17 Cypress?

18 A. No.

19 Q. Do you recall discussing with anyone  
20 why that was unacceptable?

21 A. Well, it was unacceptable to --  
22 according to our counsel, it was unacceptable to  
23 FINRA.

24 Q. Do you recall if he -- now, when you're  
25 -- this is Mr. Mack, correct?



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1 A. Correct.

2 Q. Do you know if Mr. Mack spoke directly  
3 to FINRA, or is he just basing it on his opinion and  
4 prior experience?

5 MR. SACK: Objection to form.

6 A. I can't give you a definitive answer  
7 on what his communications with FINRA are or were  
8 with respect to this, if any, but Mr. Mack's  
9 background and experience made us comfortable that  
10 he had the appropriate -- he was the appropriate  
11 counsel to advise the company on these issues.

12 Q. Did you tell Mr. Salerno he couldn't  
13 directly contact FINRA with that information?

14 A. I did.

15 Q. Okay. You did or did not?

16 A. I did.

17 Q. Okay. And why did you do that?

18 A. So one of the points that Mr. Mack  
19 raised was that it was unlikely that FINRA would  
20 even take his call because -- "call" being  
21 communication -- because he wasn't an applicant. He  
22 didn't have any standing with FINRA, and they  
23 wouldn't likely engage with him.

24 Q. So what was the harm in letting  
25 Mr. Salerno try to give that information directly to

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1 -- concerning Cypress directly to FINRA?

2 A. Well, we were afraid that it would  
3 potentially, for lack of a better word, embarrass or  
4 give FINRA the wrong impression of Sport-BLX or BLX  
5 Trading.

6 Q. So you told him not to do it?

7 A. Yes.

8 Q. Do you know if FINRA's -- anyone asked  
9 FINRA whether he could submit that information  
10 directly to FINRA?

11 A. As I think I just said, our advice  
12 from Mr. Mack was that FINRA wouldn't take his call,  
13 so me forbidding him to make that call was kind of  
14 irrelevant, but Mr. Mack did say even if he did  
15 communicate directly with FINRA, there's no way they  
16 would allow an application to go through without  
17 management of the applicant knowing who the  
18 beneficial owners are.

19 Q. My question is a little bit different,  
20 Mr. Hall. My question is do you know if anybody  
21 specifically asked FINRA whether Mr. Salerno could  
22 directly contact them with the information about the  
23 beneficial owners of Cypress?

24 A. I don't know.

25 MR. PEARLSON: If we could do Hall-39.

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1 (Exhibit Hall-39, 8/12/2019 email from  
2 George Hall to Michael Salerno Bates stamped  
3 SPORTBLX0140201, is marked for identification.)

4 Q. Mr. Hall, I'm going to show you -- I'm  
5 showing you what's been marked as Hall-39 for  
6 identification. It's a one-page email, Bates stamp  
7 SPORTBLX0140201, dated August 12, 2019. I'm just  
8 going to direct your attention to -- this is an  
9 email from you to Michael Salerno, correct?

10 A. Yes.

11 Q. And at the top it says, "Mike, I had  
12 hoped our most recent" conversation "would lead to  
13 more productive interaction."

14 Do you know what conversation you're  
15 referring to there?

16 MR. SACK: I think it was plural,  
17 Ross.

18 Q. "Our recent conversations," correct,  
19 I'm sorry, "would lead to more productive  
20 interaction." Do you know what conversations you're  
21 referring to there?

22 A. I could be wrong, but I believe that  
23 they were conversations about an injury that his  
24 child sustained.

25 Q. Okay.

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1 MR. SACK: And when is this -- the  
2 email is 2019. Okay.

3 MR. PEARLSON: Yeah. August 12, 2019.

4 Q. Then you say there, we have -- we have  
5 "also decided that certain issues may be taken  
6 directly to" the "shareholders, and we intend to  
7 have a shareholder meeting in the near future."

8 What are you talking about there?

9 A. I don't recall specifically which  
10 issues. Let me just read it a little more  
11 carefully.

12 Q. Sure.

13 A. Yeah. I don't recall specifically  
14 what those issues were, but -- yeah. I don't recall  
15 what specific issues I was referring to after these  
16 recent conversations.

17 Q. Okay. So you don't know when you're  
18 saying "We also decided that certain issues may be  
19 taken directly to" the "shareholders"?

20 A. Well, that -- one issue we knew was  
21 the rent issue would be taken to shareholders. I  
22 don't recall if there were other issues that would  
23 be taken to shareholders, whether it was total  
24 shareholder approval of the budget, including the  
25 line items for corporate expenses and paper and

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1 binders and paper clips and so forth. There may  
2 have been other issues that we -- we thought we  
3 might just have to take directly to shareholders.

4 Q. Okay. Then it says in the next  
5 sentence, "Separately, we need to have answers for  
6 FINRA on the ownership of Cypress or we will have to  
7 make some modifications to our application."

8 What are you talking about there?

9 A. I don't specifically recall what the  
10 modifications to the application would have been in  
11 this -- at the time of this email, but one of the  
12 modifications would be to just withdraw it and  
13 forego the broker-dealer.

14 Q. Well, that's not a modification, is it?

15 A. I understand. It's not worded  
16 properly, but that was something that was definitely  
17 being considered, was --

18 Q. But you -- do you understand whether --  
19 what the -- what modifications could be -- could  
20 have been made to the application?

21 A. Well, we could --

22 Q. At that time.

23 A. -- modify -- we could modify the  
24 applicant, who the applicant was.

25 Q. And how would you do that?

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1           A.       Well, we could create another entity  
2       where all of the beneficial owners were willing to  
3       disclose the ownership to management and to FINRA.

4           Q.       Did you resubmit an application to  
5       FINRA on behalf of such an entity later?

6           A.       I don't recall.

7           Q.       Did you create an entity instead of BLX  
8       Trading that would serve the same function in terms  
9       of trading?

10          A.       We did create an entity that we  
11       considered applying to FINRA for the broker-dealer  
12       license.

13          Q.       And did you, in fact, submit a  
14       broker-dealer license on behalf of that entity?

15          A.       I don't recall if it was ever  
16       submitted.

17          Q.       And what was the name of that entity?

18          A.       Sport-BLX Securities.

19          Q.       And do you recall when Sport-BLX  
20       Securities was created?

21          A.       Somewhere around April of 2020, so not  
22       relevant to this email.

23          Q.       Okay. And -- and who were the owners  
24       of Sport-BLX Securities at the time it submitted its  
25       FINRA application?

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1 A. I don't --

2 Q. Or let me rephrase that.

3 At the time that a FINRA application  
4 was being considered for Sport-BLX Securities, who  
5 was the owner -- who were the owners?

6 A. Joe De Perio and myself.

7 Q. If we could look at Sport-BLX 40. I  
8 mean Hall-40.

9 Before we look at this document,  
10 Mr. Hall, you testified that there was actually --  
11 there was a board meeting at which Mr. Mack appeared  
12 and gave his opinion and answered questions  
13 concerning the FINRA application?

14 MR. SACK: Objection to form. I don't  
15 think he used the word "opinion," but he gave his  
16 view.

17 A. There was a board call that Mr. Mack  
18 attended by phone. He made some comments, and I  
19 don't recall what the questions were, if there were  
20 any questions.

21 Q. Okay. And -- and does Sport-BLX -- or  
22 did Sport-BLX, in 2019, keep minutes from its board  
23 meetings?

24 A. Yes.

25 Q. Okay. And how were those minutes

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1 prepared?

2 A. Somebody would take notes on the  
3 meeting and then prepare a draft, and then we would  
4 distribute the draft to board members.

5 Q. Who was the -- generally the secretary  
6 who prepared the notes from the meeting?

7 A. Sometimes Joe De Perio, other times I  
8 think we -- we may have had John Hall serve as the  
9 secretary for a meeting.

10 Q. If Mr. Mack appeared at a -- at a board  
11 meeting, would that show up in the minutes?

12 A. I believe so. Are we talking about  
13 this specific one that I'm looking at?

14 Q. No, I'm just saying generally if -- if  
15 Mr. Mack had -- had appeared even by phone at a  
16 Sport-BLX board meeting and answered questions and  
17 given his view of the -- the necessity to disclose  
18 Cypress ben- -- the beneficial owners of Cypress,  
19 would that be something that you would expect to  
20 appear on the board minutes?

21 MR. SACK: Objection.

22 A. If Mr. Mack was on a call with the  
23 board, I assume that would be something that would  
24 be noted in the minutes.

25 Q. Now, if you could turn to -- we're



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1 looking at what's been marked as Hall-40 for  
2 identification. It is Bates stamped GBE\_0003774  
3 through 3776, and it appears to be minutes from a  
4 board meeting on August 14, 2019. Do you see that?

5 A. Yes.

6 Q. Okay. If you could turn to the second  
7 page, and there's a section entitled "FINRA  
8 Application."

9 A. Yes.

10 Q. And that -- I'd like you to read that  
11 to yourself, and then I'm going to ask you a few  
12 questions about it.

13 A. Okay.

14 Q. Okay. Do you recall this meeting  
15 taking place in or around August 14 of 2019?

16 A. Yes.

17 Q. And the discussion being of the -- of  
18 the FINRA application at that time?

19 A. I believe these minutes are -- apply  
20 to a meeting that was, in fact, on August 14, yes.

21 Q. Okay. And do you recall as of August  
22 14 whether the FINRA application had been submitted?

23 A. If I recall correctly, the application  
24 was submitted, and that's what led to them asking  
25 for the beneficial owners.

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1 Q. Okay. And -- and do you recall, did  
2 Mr. Forensberg or -- Norensberg or Mr. Mack  
3 participate in this board meeting?

4 A. I don't recall, but it's not in the  
5 minutes, so I think possibly not.

6 Q. Okay. And it says in here that  
7 "Mr. Salerno reiterated his position that Cypress  
8 did not intend to provide such beneficial ownership  
9 information to the company." Do you see that?

10 A. Yes.

11 Q. Okay. And then it says, "Mr. Hall  
12 described the requirement of FINRA for an applicant  
13 to 'know its investors'."

14 What -- what is that, the requirement  
15 of FINRA for an applicant to, quote, know it is  
16 investors, closed quote?

17 MR. SACK: Objection to form.

18 A. It means that the applicant for a  
19 FINRA license has to know who the investors are in  
20 its company.

21 Q. Okay. And -- and is that a rule or  
22 regulation?

23 A. I don't know if it's a rule or  
24 regulation or policy, but I think it's pretty firm.

25 Q. Okay. Then what's that -- what's your

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1 knowledge based on?

2 A. Discussions with Mr. Mack and  
3 potentially others.

4 Q. Okay. Then it says "and explained that  
5 the broker-dealer regulations required BLX Trading  
6 to identify and disclose the identity of the  
7 beneficial owners of the company."

8 What regulations are you talking about  
9 there?

10 MR. SACK: Objection to form.

11 A. So we're talking about a conversation  
12 that was recorded in notes and transposed into  
13 minutes. I'm not sure we were specifically citing a  
14 particular FINRA regulation, even though it's  
15 recorded here as a -- such regulations.

16 Q. Are you saying that the meeting minutes  
17 are inaccurate?

18 MR. SACK: Objection to form.

19 A. I'm saying that it's our understanding  
20 that -- it was our understanding very clearly that  
21 FINRA needed to know the -- and then that the  
22 applicant needed to know the beneficial owners.

23 FINRA can ask whatever questions they  
24 want, and they can reject any application they want,  
25 so I would say very likely there is some regulation

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1 that would give FINRA this power, but I don't know  
2 if we were referring to a specific regulation. So  
3 in terms of the accuracy, I think it's reasonably  
4 accurate.

5 Q. Okay. Now, Mr. Hall, the next sentence  
6 says, "Mr. Salerno stated that he desired to review  
7 the matters with his counsel and, on behalf of  
8 Cypress, Mr. Salerno agreed to get back to the  
9 company regarding the company's request that Cypress  
10 provide its beneficial ownership as required by such  
11 regulations by end of business on August 16, 2019."  
12 Do you see that?

13 A. I see that's what it says, yes.

14 Q. Okay. Do you know, to your knowledge,  
15 did Mr. Salerno review the matter with his counsel  
16 and get back to the company?

17 A. I don't recall.

18 Q. You don't recall one way or the other?

19 A. I certainly don't know if he reviewed  
20 it with his counsel. I don't recall if he got back  
21 to the company.

22 Q. Okay. And do you recall that Mr. -- in  
23 the same meeting Mr. Salerno asked for the  
24 application, to see the application?

25 A. I don't know if he did in this

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1 meeting.

2 Q. You don't recall him saying that he  
3 wanted to review the application itself with his  
4 counsel before disclosing the limited partners of  
5 Cypress?

6 A. I don't recall if he requested that in  
7 -- in this meeting.

8 Q. Do you recall him requesting it at any  
9 time, the application itself?

10 A. At some point I think he did request  
11 the application.

12 Q. Did you give it to him?

13 A. No.

14 Q. Why not?

15 A. I don't recall if we were -- if we  
16 were advised that we -- we didn't need to give it to  
17 him, but ultimately we did decide it was in the best  
18 interest of the company not to give it to him.

19 Q. And who made that decision?

20 A. Ultimately me.

21 Q. Do you recall whether it was discussed  
22 whether a broker-dealer separate from Sport-BLX  
23 could be created in the context of this meeting?

24 MR. SACK: Objection to form.

25 A. I don't recall if this meeting we

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1 discussed an alternative company that would make an  
2 application for a broker-dealer license.

3 Q. Do you -- you don't recall saying in  
4 the meeting we're not -- we're just going to change  
5 the beneficial owners and say that Sport-BLX is not  
6 an owner and issue shares to all the people who  
7 would disclose?

8 MR. SACK: Objection to form.

9 A. As I said before, one of the  
10 possibilities was to -- for -- for example, BLX  
11 Trading could potentially have a different ownership  
12 group than Sport-BLX, Incorporated, and the BLX  
13 Trading would have owners that were willing to  
14 cooperate with FINRA's requests, and -- but I just  
15 don't -- I don't know if that was discussed in this  
16 board meeting.

17 Q. Do you recall saying in this board  
18 meeting that -- once again that you would work  
19 around Mr. Salerno?

20 A. I don't recall saying that in this  
21 board meeting.

22 Q. Do you recall saying that at any time?

23 A. Well, as we saw in previous documents,  
24 we referred to working around them as far as  
25 creating an advisory board to have people that would

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1 have, frankly, been embarrassing to have on the  
2 board itself, so that was one workaround  
3 conversation. I believe there was another  
4 conversation about getting shareholders to vote on  
5 the rent so that we could stop discussing that ad  
6 nauseam. So in this board meeting there -- I don't  
7 recall specifically if we spoke about working around  
8 any of these issues.

9 Q. Did you ever speak to anyone about  
10 working around Mr. Salerno in the context of the  
11 broker-dealer that would work with Sport-BLX?

12 MR. SACK: Objection to form.

13 A. I don't really recall the workaround  
14 phrase being used with respect to the broker-dealer,  
15 but we clearly had discussions about how could we  
16 best accomplish what was in the -- in the business  
17 plan when it was clear that Sport-BLX, Incorporated  
18 could not become a broker-dealer.

19 Q. Now, Mr. Salerno said that he would get  
20 back to the board -- or as the minutes reflect,  
21 Mr. Salerno would get back to the -- said he would  
22 get back to the board by August 16, 2019. Do you  
23 see that?

24 A. Yes.

25 Q. And did he, in fact, get back to the

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1 board at that time?

2 A. I don't recall.

3 Q. All right. If we could look at what's  
4 been marked as Hall-41 for identification.

5 (Exhibit Hall-41, Two-page 8/16 and  
6 8/17/2019 email string between Michael Salerno,  
7 George Hall, and Joseph De Perio Bates stamped  
8 SPORTBLX00050788 and 50789, is marked for  
9 identification.)

10 Q. Mr. Hall, I'm going to show you what's  
11 been marked as Hall-41 for identification. It's a  
12 two-page email chain dated August 16, 2019, Bates  
13 stamped SPORTBLX00050789 -- 788 through 789. Do you  
14 see that?

15 A. Yes.

16 Q. Okay. And I'm going to just direct  
17 your attention to -- of course you can look at  
18 whatever you feel you need to to answer the  
19 questions, but I'm going to direct you to the middle  
20 of the page where it says -- and this is an email  
21 from Michael Salerno, "I am willing to provide FINRA  
22 with ownership information that they want however I  
23 am not willing to provide it to you or any other  
24 Sport-BLX directors as you do not have a right to  
25 this information at this time. Once you provide me



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1 with the FINRA representative we will" probably --  
2 "we will promptly reach out to them to expedite."  
3 Do you see that?

4 A. Yes.

5 Q. Is that the -- is that the  
6 communication you were referring to previously where  
7 Mr. Salerno asked to speak directly to FINRA?

8 MR. SACK: Objection to form.

9 Q. Well, let me just rephrase it.  
10 Did -- Mr. Hall, isn't it the case that  
11 Mr. Salerno asked to speak directly to FINRA as  
12 provided in this email, August 16 email?

13 A. He made a statement that he would  
14 speak to FINRA and wanted me to provide him the  
15 FINRA representative.

16 Q. Okay. And what did -- what did you --  
17 what was your response to him on that?

18 A. "Give me a call if you can."

19 Q. Okay. And at some point did you tell  
20 him not to do it?

21 A. Yes.

22 Q. Okay. And in between the time you  
23 spoke to Mr. Salerno -- he made this request, and  
24 you spoke to Mr. Salerno, did you speak to Mr. Mack?

25 A. I don't know the specific time frames

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1 that I spoke to Mr. Mack.

2 MR. PEARLSON: If we could look at  
3 Hall-42.

4 (Exhibit Hall-42, Two-page 8/16 and  
5 8/17/2019 email string between Michael Salerno,  
6 George Hall, and Joseph De Perio Bates stamped  
7 SPORTBLX00050786 and 50787, is marked for  
8 identification.)

9 Q. I'm going to show you what's been  
10 marked as Hall-42 for identification. Mr. Hall, do  
11 you see in the -- the email, the first email down  
12 from the top of the page, there's an email from you  
13 to Mr. Salerno copying Marc Gross dated August 16,  
14 2019?

15 A. I do see that.

16 Q. And you're responding to Mr. Salerno's  
17 email that he wanted to provide FINRA with ownership  
18 information?

19 A. Yes.

20 Q. Okay. And you say, "I don't think that  
21 is a viable option." Do you see that?

22 A. Yes.

23 Q. On what did you base that opinion?

24 A. That Sport-BLX management was entitled  
25 to know who the beneficial owners of Cypress was.

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1 Q. And -- and in terms of correspondence  
2 with FINRA, did you see any direct correspondence  
3 with FINRA, any -- any either letters or emails from  
4 FINRA that demanded the beneficial owners of  
5 Cypress?

6 A. I think when the application went in  
7 FINRA made further requests for information,  
8 including the list of beneficial owners.

9 Q. Okay. And my question is did you ever  
10 see that request from FINRA?

11 A. I don't know if I saw anything on a  
12 FINRA letterhead.

13 Q. Okay. If we could turn to Hall-43.  
14 (Exhibit Hall-43, Six-page August 23,  
15 2019, FINRA letter to Kenneth Norensberg Bates  
16 stamped SPORTBLX00052448 through 52353, is marked  
17 for identification.)

18 Q. What I would suggest is, Mr. Hall, why  
19 don't you take a -- we're going to take a quick  
20 break. Maybe you could take some time to just look  
21 over this letter, and then I'll ask you a few  
22 questions about it when we come back.

23 A. Okay.

24 THE VIDEOGRAPHER: It's 2:39 p.m.  
25 We're going off the record.

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1 (Recess taken from 2:39 to 2:59 p.m.)

2 THE VIDEOGRAPHER: It's 2:59 p.m.

3 We're back on the record.

4 BY MR. PEARLSON:

5 Q. Mr. Hall, I asked you to look over  
6 what's been marked as Hall-44 -- 43, I'm sorry, for  
7 identification. Did you get a chance to look at  
8 that letter?

9 A. I gave it a cursory reading, yes.

10 Q. Okay. And that's an August 23, 2019,  
11 letter to Ken Norensberg. It lists him as a  
12 managing director of BLX Trading Corp. at 510  
13 Madison Avenue, Ninth Floor. Do you see that?

14 A. I do.

15 Q. Was he a managing director of BLX  
16 Trading Corp. at the time?

17 A. I don't believe so. That could be a  
18 mistake by FINRA, or there could be some other  
19 explanation for it, but I don't think so.

20 Q. Was it ever intended that  
21 Mr. Norensberg would, in fact, have a position of  
22 employment with BLX Trading?

23 A. No.

24 Q. Okay. Did you see this letter from  
25 FINRA at or around the time it was sent on August

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1 23, 2019?

2 A. I don't recall if I looked  
3 specifically at this letter.

4 Q. Did Mr. Norensberg generally forward  
5 you the letters he was getting from FINRA?

6 MR. SACK: "You" being George Hall?

7 MR. PEARLSON: Yeah.

8 A. He -- he may have forwarded them to  
9 me.

10 Q. Okay. Do you have any recollection of  
11 him forwarding them to you?

12 A. Which ones?

13 Q. The letters from FINRA that he  
14 received.

15 A. I don't know how many letters he  
16 received, so there may be some forwards that I have.  
17 I don't know if that's exhaustive of what he  
18 received.

19 Q. Okay. How many letters did you get  
20 that he had sent on to you from -- that he had  
21 received from FINRA?

22 A. I don't specifically recall any, but I  
23 am saying that he may very likely have forwarded me  
24 things.

25 Q. Okay. But you don't have -- as you sit

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1 here today you have no specific recollection of him  
2 sending you a letter that he had received from FINRA  
3 such as this one?

4 A. I don't have a specific recall of that  
5 at a particular time.

6 Q. Okay. Do you recall seeing this letter  
7 in particular?

8 A. I'm familiar with some of the issues  
9 in this letter. I don't know if I specifically  
10 received this letter from Mr. Norensberg.

11 Q. Okay. And do you see that FINRA was  
12 asking for some information from BLX Trading as the  
13 applicant for the BD?

14 A. Yes.

15 Q. Okay. Do you see anywhere in this  
16 letter where they're asking for the beneficial  
17 owners of Cypress or any additional information  
18 concerning Cypress Holdings?

19 A. I don't see this -- I don't see that  
20 in this particular letter.

21 Q. Okay. If you could turn to page 5 of  
22 the letter, which is Bates stamped SPORTBLX00052452.  
23 Do you see that?

24 A. Yes.

25 Q. Okay. And it says -- you know, one of

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1 the pieces of information that they're requesting in  
2 item No. 23 is "...a copy of the lease or sublease  
3 agreement for the firm's office spaces, along with a  
4 floor plan for the office space. Per the firm's  
5 submission, BLX's main office will be located at 510  
6 Madison Avenue, New York, New York 10022." Do you  
7 see that?

8 A. I do.

9 Q. Okay. Did you provide FINRA with a  
10 copy of the lease or sublease for the office space  
11 at 510 Madison Avenue?

12 A. I don't recall.

13 Q. Isn't it true that Sport-BLX didn't  
14 have a -- didn't have a lease for that location?

15 A. Sport-BLX did not have a lease for  
16 that location, and this was a question requesting  
17 the lease or sublease.

18 Q. Okay. Do you know what, if anything,  
19 BLX Trading did in response to that request No. 23?

20 A. I don't know if we responded.

21 Q. Did BLX Trading have a lease anywhere?

22 A. No.

23 Q. Now, it says -- if you look at  
24 paragraph 9 on page 2 of the letter, it says -- it  
25 lists you, John Hall, Mr. Ruchalski, Mr. De Perio,

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1 and your, you know, CRD numbers. You're all  
2 registered brokers?

3 MR. SACK: Objection to form. You  
4 mean at that time, Ross?

5 Q. Yes. At that time you all had  
6 licenses?

7 A. I did not. I don't know if John Hall  
8 did at that time. I don't know about Fran Ruchalski  
9 or Joe De Perio at that time.

10 Q. Do you know whether Mr. Norensberg  
11 prepared an answer or a response to this letter on  
12 behalf of BLX Trading?

13 A. I don't recall.

14 Q. Do you know whether -- it says here,  
15 "Please state whether the firm or its parent,"  
16 they're talking about the Clinton Group, "will have  
17 a business" -- please state -- strike that.

18 "Please state whether the firm or its  
19 parent will have a business relationship with  
20 Clinton Group, Inc. Provide a detailed description  
21 of any business, referral or other relationship."

22 Was it intended that BLX Trading was  
23 going to have a business relationship with the  
24 Clinton Group?

25 A. At that time other than using space



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1 the Clinton Group had, I don't think there was any  
2 -- any intended business relationship between the  
3 two companies.

4 Q. Was it intended that BLX Trading was  
5 going to remain in 510 Madison Avenue or operate out  
6 of 510 Madison Avenue?

7 A. I think at that time the answer would  
8 be yes.

9 Q. Did you seek the permission of the  
10 landlord for BLX Trading to occupy that -- those  
11 premises?

12 A. No.

13 Q. Do you see -- if you could turn to page  
14 4? And I'm going to direct your attention to item  
15 12. It says, "Mr. George E. Hall, Jr. will serve as  
16 the firm's CEO." Do you see that?

17 MR. SACK: Number 12.

18 THE WITNESS: I see that. I want to  
19 see which firm they're referring to.

20 A. Okay. Anyway, I see that, yes.

21 Q. Okay. You were -- you were -- were you  
22 going to serve as the CEO of BLX Trading?

23 A. Well, as CEO of Sport-BLX,  
24 Incorporated, I'm not sure if there was going to be  
25 a separate CEO for BLX Trading, or if it would just

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1 be a flow-through to the parent, but in substance, I  
2 would ultimately be the CEO of the company.

3 Q. Do you see there that FINRA is asking  
4 -- well, first of all, it states that -- it appears  
5 you do not hold a securities license and haven't  
6 scheduled any examinations. Do you see that?

7 A. Yes.

8 Q. Did you understand that if you were to  
9 serve as an officer of BLX Trading, you'd have to  
10 have a securities license?

11 A. I'm not entirely -- I'm not sure  
12 that's entirely correct, but at that time it was my  
13 intention to take the test and get the license.

14 Q. Okay. And how long a process would  
15 that take?

16 A. Just -- I don't recall how long it  
17 takes to schedule.

18 Q. Okay. And do you see that also the  
19 same thing -- they're saying the same thing for  
20 Mr. Ruchalski, who's going to be the firm's CEO,  
21 Mr. John Hall and Mr. De Perio, who are all going to  
22 serve as officers: They need to schedule and pass  
23 their required examinations before BLX could be a  
24 registered broker-dealer?

25 A. Yes, I see that.

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1 Q. Did you have any discussions with  
2 anybody about that requirement that -- that BLX  
3 Trading needed to have all of its officers take and  
4 pass the securities license exams -- exam?

5 A. Yes, we had those discussions, and  
6 then there were also discussions about -- I think  
7 part of the reason we created a subsidiary was to  
8 potentially have different people work at different  
9 entities, and I don't recall the advice we got, but  
10 at this time we were all ready and willing to  
11 schedule and take the exam.

12 Q. Were the exams scheduled at the point  
13 of this August 23, 2019, letter?

14 A. Well, FINRA says at this time no, so  
15 I'll take their word for it that I wasn't scheduled.

16 Q. When was the first time you heard about  
17 the requirement that if you were going to act as an  
18 officer of BLX Trading that you needed a securities  
19 license?

20 A. I don't know. Sometime in the --  
21 during this time period.

22 Q. Did you schedule -- following this  
23 letter, following August 23, 2019, did you schedule  
24 a securities examination?

25 A. I don't recall if one was scheduled or

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1 not.

2 Q. Do you know if Mr. Ruchalski, Mr. Hall  
3 -- Mr. John Hall, or Mr. De Perio scheduled a  
4 securities examination in connection with the FINRA  
5 application by BLX Trading?

6 A. I don't recall the time, but I'm  
7 confident that Joe De Perio scheduled and took the  
8 exam, and the same thing for John Hall, but I don't  
9 know the dates.

10 Q. Okay. Do you know if it was before or  
11 after this letter?

12 A. I don't know.

13 Q. Does it indicate on --

14 A. Well --

15 Q. -- the letter --

16 A. Well, hold -- hold --

17 Q. -- that they hadn't scheduled it as of  
18 the date of the letter?

19 A. Well, let me -- let me rephrase, or  
20 let me qualify the previous.

21 It says that Mr. John Hall had a window  
22 open, so I would assume that implied that he hadn't  
23 taken it yet. So I think this implies that nobody  
24 had taken it yet.

25 Q. Okay. If we could look at what's --

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1 and that would -- that would be a process that would  
2 take several months, correct?

3 A. I don't know how long the scheduling  
4 was. The taking and passing it would take a day.

5 Q. You mean to take the exam itself?

6 A. To take it and study for it and know  
7 all the material in it.

8 Q. That would be --

9 A. Beyond passing the test.

10 Q. Okay. If we could look at what's been  
11 marked Hall-44 for identification.

12 (Exhibit Hall-44, Three-page Minutes  
13 of the Special Meeting of the Board of Directors of  
14 Sport-BLX, Inc. dated September 10, 2019, Bates  
15 stamped GBE\_0005173 through 5175, is marked for  
16 identification.)

17 Q. Mr. Hall, before we go to this -- these  
18 particular minutes, could you tell me what  
19 materials, if any, were generally sent to the board  
20 in connection -- in advance of a -- of a meeting?

21 A. Usually it was the previous meeting's  
22 minutes and a brief agenda of the -- what would be  
23 talked about at the board meeting.

24 Q. And who -- who would send out the  
25 agenda?

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1           A.       I think most of the time it was Joe  
2 De Perio.

3           Q.       Were there also ever written materials  
4 provided to the board in connection with meetings?

5           A.       Other than minutes?

6           Q.       Other than minutes and an agenda  
7 itself.

8           A.       I don't recall.

9           Q.       Do you recall ever giving out written  
10 materials at a -- at a Sport-BLX -- Sport-BLX  
11 meeting?

12          A.       In addition to minutes and agenda? I  
13 don't recall.

14          Q.       Okay. If you could -- if you could  
15 look at these are minutes from September 10, 2019, a  
16 board meeting that was held by Sport-BLX  
17 Corporation. The -- the Bates numbers are  
18 GBE\_0005173 through 5175.

19                 Mr. Hall, first of all, are there --  
20 did you and Mr. De Perio sign board minutes once  
21 they were approved?

22          A.       I believe in most cases we signed,  
23 yes.

24          Q.       Okay. Were there ever changes made  
25 between the time that the minutes were approved or

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1 presented for approval and when they were signed?

2 A. I think occasionally there were some  
3 changes. Occasionally we had objections without any  
4 specifics and no follow-up, but we did our best.

5 Q. Okay. Now, could you look at the  
6 section called "FINRA Application" in here? And I'm  
7 going to ask you just to read this to yourself, and  
8 then I'm going to ask you a few questions.

9 A. Okay.

10 Q. Okay. Mr. Hall, this references that  
11 you were the one speaking to the board about the  
12 FINRA application, correct?

13 A. Yes.

14 Q. And that you were reporting to the  
15 board the advice from Mr. Norensberg. Do you see  
16 that?

17 A. Yes.

18 Q. And -- and his advice was that the  
19 topic of Cypress' beneficial ownership was not a  
20 topic that could be avoided. Do you see that?

21 A. Yes.

22 Q. And then you also talked about advice  
23 from Mr. Mack. Do you see that in the last  
24 paragraph of that section?

25 A. Yes.

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1 Q. Okay. Does this refresh your  
2 recollection that Mr. Mack didn't speak to the  
3 board; that you were reporting what you -- Mr. Mack  
4 had told you?

5 A. When you say refresh my  
6 recollection, --

7 Q. That Mr. --

8 A. -- you're referring to another  
9 recollection --

10 Q. Well, at least --

11 A. -- from previous testimony?

12 Q. Well, you had indicated that there was  
13 a meeting -- let me rephrase it.

14 Does this indicate to you that this was  
15 not the meeting you referenced earlier in your  
16 testimony where Mr. Mack directly spoke to the  
17 board?

18 A. Yes.

19 MR. SACK: Objec- --

20 THE WITNESS: Sorry.

21 A. Yeah, I -- I believe that he spoke to  
22 the board directly at a different meeting. I  
23 believe my previous testimony was that I didn't  
24 recall the dates.

25 Q. Okay. And then -- and it's Mr. Mack's



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1 view, as reflected here -- first of all, did you  
2 present any sort of written materials or advice from  
3 either Mr. Norensberg or Mr. Mack to the board?

4 MR. SACK: At this meeting?

5 Q. At this meeting.

6 A. I don't recall.

7 Q. Did you ever present the board with any  
8 written advice from either Mr. Norensberg or  
9 Mr. Mack concerning the disclosure of Cypress' LPs  
10 to FINRA?

11 A. I don't recall.

12 Q. Do you see that it says here that you  
13 reported to the board that "Mr. Mack's view was that  
14 it was inappropriate for FINRA to have a  
15 conversation or a meeting with a shareholder of an  
16 applicant, and that such shareholder would have no  
17 standing in the matters of an application made by a  
18 corporate entity such as BLX Trading"? Do you see  
19 that?

20 A. I see that's what it says.

21 Q. Okay. And was that -- was that in  
22 response to Mr. Salerno's request that he con- -- be  
23 able to contact FINRA directly to provide the  
24 beneficial ownership of Cypress?

25 MR. SACK: Objection to form.

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1                   Could we have the question back again,  
2     please?

3                   (Last question is read back by the  
4     court reporter.)

5           A.       Well, in this meeting it refers to an  
6     email exchange which is not dated, so I'm not sure  
7     if it's directly related to the email exchange in  
8     this meeting, but everything is past tense, so prior  
9     to this meeting I had sought the advice of Mr. Mack,  
10    and it was in response to Mr. Salerno's request.

11          Q.       Do you recall telling Mr. Salerno in  
12    this meeting that it was unacceptable for him to  
13    contact FINRA directly?

14                   MR. SACK: Objection to form.

15          A.       I don't recall in this meeting, but --  
16    so I'm not sure in this meeting if I said that.

17          Q.       But you did say it at some point?

18          A.       Yes.

19          Q.       Okay. Did you -- do you --

20          A.       In substance, yes.

21          Q.       Do you recall stating, in sum and  
22    substance, either in this meeting or elsewhere, that  
23    you refused to put Mr. Salerno in touch with the  
24    FINRA representative handling BLX Trading's  
25    application?

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1 MR. SACK: Objection to form.

2 A. Well, I don't really have the power to  
3 put them in touch.

4 Q. Well, didn't Mr. Norensberg have a  
5 contact at FINRA that he was dealing with with  
6 respect to BLX Trading's application?

7 A. I don't know if he was dealing with a  
8 person or dealing with this application online and  
9 through emails.

10 Q. Okay. Do you recall ever telling  
11 Mr. Salerno that you wouldn't put him in touch with  
12 a representative from FINRA?

13 A. I don't recall the issue of me putting  
14 him in touch ever really coming -- coming out. His  
15 request was to contact them, and I believe the words  
16 I used was that the company forbids you from doing  
17 that.

18 Q. Now, do you recall asking Mr. Salerno  
19 in the meeting, saying to him, in words and  
20 substance, confirming that he was unwilling to  
21 disclose the ownership of Cypress in this meeting?

22 A. I don't recall in this meeting whether  
23 I asked for that confirmation.

24 Q. So do you recall him telling you at  
25 some point, no, those are your words. As I put in

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1 writing, I'm willing to disclose it; I'm not willing  
2 to disclose it to you?

3 A. I do remember him saying, in words and  
4 substance, that he would not disclose it to me or  
5 management of the company.

6 Q. Did he ever indicate to you that he was  
7 willing to disclose it to a compliance officer of  
8 the company?

9 A. I believe it was much later in the  
10 conversation, but I actually don't -- actually, I'm  
11 not sure he ever -- I -- I don't recall the  
12 disclosure to a compliance officer.

13 Q. Did he ever tell you that he would --  
14 he was willing to disclose it to the company if the  
15 company was willing to maintain it confidential  
16 within the company?

17 A. I don't recall that.

18 Q. Now, if you look under the section  
19 Alternate Path Forward; do you see that?

20 A. Yes.

21 Q. And it said that you led a discussion  
22 of the company's business plan to date and the  
23 current requirement to alter that business plan. Do  
24 you see that?

25 A. I -- I see that's what it says.

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1 Q. Okay. Now, so this -- this is a  
2 meeting in September 10. How long had -- at that  
3 point had BLX Trading been pursuing an application  
4 with FINRA?

5 A. Well, I'm not sure when you say  
6 "pursuing," when that moment in time starts, but --

7 Q. Well, --

8 A. -- clearly there --

9 Q. Let me rephrase it then. I'm sorry.  
10 How long had it been since the time it  
11 submitted the application and this September 10  
12 board meeting?

13 A. I don't recall when the application  
14 was originally submitted.

15 Q. Okay. And this indicates, does it not,  
16 that you were ready to alter the business plan of  
17 Sport-BLX because you believed it wasn't going to be  
18 successful in its application to register as a  
19 broker-dealer, correct?

20 MR. SACK: Objection to form.

21 A. There is always the potential for the  
22 recorded minutes to be somewhat different than what  
23 was actually discussed. Clearly, I did discuss an  
24 alternative path forward. I did not have any  
25 intention to immediately foreclose the option for

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1 Mr. Salerno to cooperate and disclose the -- the  
2 owners, but it was clear to me that if he continued  
3 with his resolve not to disclose the owners, that it  
4 was prudent to begin to start to think about an  
5 alternative path forward.

6 Q. So you were not, as it -- you were not  
7 expressing the view, as stated in here, that the  
8 best course of action forward was to refocus the  
9 business plan of the company?

10 MR. SACK: Where are you focusing? I  
11 take it you're quoting from the document. What are  
12 you referring to?

13 MR. PEARLSON: Yes. If you look at in  
14 the second -- in the paragraph Alternate Path  
15 Forward, --

16 MR. SACK: Um-hum.

17 MR. PEARLSON: -- it says, "Given that  
18 the company's inability to disclose Cypress'  
19 beneficial owners, and therefore, the company's  
20 beneficial owners, would preclude BLX Trading from  
21 successfully applying to register as a  
22 broker-dealer, it was his view," referring to  
23 Mr. Hall, "that the best course of action forward  
24 was to refocus the business plan of the company."

25 Q. Was that your view at the time?

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1           A.           I'm not so sure "refocus" is the exact  
2 phrase I would have used, but it was clear at this  
3 time I wanted to bring to the board's attention that  
4 we should start thinking about an alternative path  
5 forward.

6           Q.           Okay. And what was the alternative  
7 path forward you were considering at that time?

8           A.           Well, I didn't really know exactly.  
9 One of the concepts, of course, was to create a  
10 separate broker-dealer. There were other potential  
11 concepts, but the most likely would be to create a  
12 separate broker-dealer that could actually pay  
13 revenues to Sport-BLX, Incorporated to make  
14 Sport-BLX, Incorporated a successful entity.

15          Q.           And that would be an entity that,  
16 assuming Mr. Salerno was unwilling to disclose the  
17 beneficial ownership of Cypress, that would not have  
18 Cypress as an owner of the entity?

19          A.           It -- without the disclosure of the  
20 owners of Cypress, it was my understanding and the  
21 -- the corporate -- the corporation's view that it  
22 could not be a broker-dealer, so we looked at what  
23 Sport-BLX, Inc. could do and what it couldn't do and  
24 realized that one portion of the original business  
25 plan, the broker-dealer portion, would have to be --

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1 if -- if we were going to pursue it at all, would  
2 have to be in a different entity. That entity, by  
3 definition, would not include Mr. Salerno unless, of  
4 course, he disclosed the owners of Cypress.

5 Q. Do you recall whether the FINRA  
6 application on behalf of BLX Trading, was it  
7 rejected by FINRA?

8 A. I can't say with certainty, but I  
9 believe we withdrew it.

10 Q. Okay. Do you know when it was  
11 withdrawn?

12 A. I don't recall.

13 Q. Do you recall that at some point  
14 Mr. Salerno advised you that he was willing to  
15 disclose Cypress' limited partners?

16 A. To FINRA?

17 Q. Yes.

18 A. I think a number of times he suggested  
19 he would disclose directly to FINRA.

20 Q. No. No. I'm sorry. That he would  
21 disclose -- disclose that to you, to Sport-BLX?

22 A. I think he -- if I recall correctly,  
23 he suggested that to Cesar Baez months later, and  
24 Cesar Baez may have informed me of that.

25 MR. PEARLSON: If we could look at



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1 Hall-45.

2 (Exhibit Hall-45, Two-page 12/16  
3 through 12/23/2019 email exchange between Michael  
4 Salerno, George Hall, and Joseph De Perio Bates  
5 stamped SPORTBLX00052396 and 52397, is marked for  
6 identification.)

7 Q. Okay. I'm going to show you now,  
8 Mr. Hall, what's been marked as Hall-45 for  
9 identification. It's Bates stamped SPORTBLX00052396  
10 through 52397. It's a two-page email chain dated --  
11 it goes from December 16 at the beginning to  
12 December 23.

13 I'm going to ask you, do you recognize  
14 that document?

15 A. Yes.

16 Q. Okay. Now, you put at the bottom of  
17 the page on the first page of the document, "Do you  
18 want to discuss broker dealer at the board level or  
19 not? The company has moved on from this potential  
20 opportunity because we had to withdraw our FINRA  
21 application. We have made the appropriate changes  
22 at the company level to pursue monetizing the  
23 companies [sic] technology. If you want to discuss  
24 another strategy, you can present it to the board  
25 for consideration."

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1                   What are you referencing here when you  
2 say -- well, first of all, when you're asking him do  
3 you want to discuss broker-dealer at the board level  
4 or not, had Mr. Salerno raised with you, prior to  
5 December 17, the idea of going back to the  
6 broker-dealer model?

7                   A.       I think there was some confusion  
8 between Joe and Michael and myself about having a  
9 board call, whether -- if you go to the previous --  
10 or the next page, there is discussion about him  
11 speaking to me, then there's an answer from Joe  
12 saying we must have misunderstood your desire to  
13 have a board call, and just the usual cryptic  
14 communication from Salerno, so I said, basically, do  
15 you want to have a meeting about broker-dealer or  
16 not?

17                  Q.       Well, what did you understand the  
18 meeting to discuss broker-dealer, what did you mean  
19 by that?

20                  A.       I -- I think he had -- yeah. I don't  
21 -- I don't really recall. There was something that  
22 led me to believe that he wanted to discuss the  
23 broker-dealer.

24                  Q.       Okay. And then you say, "The company  
25 has moved on from this potential opportunity because

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1 we had to withdraw our FINRA application."

2 What did the company do to move on from  
3 the potential opportunity?

4 A. So Joe began to focus on some  
5 businesses that would not require a broker-dealer  
6 registration, working on a -- effectively a  
7 technology and software development project with the  
8 -- what I'll loosely call the European equivalent of  
9 the PGA. There was also another potential  
10 opportunity to use the technology and those  
11 personnel for another non-sports-related project, so  
12 we began to start to look at ways to monetize the  
13 technology and the -- the people, the skill set that  
14 we had within the firm.

15 Q. Okay. And -- and what changes did that  
16 require at the company level?

17 A. Well, we had to -- the one change is  
18 it changes the whole marketing process. So at  
19 Sport-BLX, Incorporated we'd no longer be marketing  
20 for a broker-dealer who was going to collect  
21 commissions. We had to think about repurposing all  
22 the people that would be irrelevant to a technology  
23 business, and we had to start to get the technology  
24 people to think about using their programming skills  
25 to either use the technology, modify the technology,

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1 or create new technology that could be used for  
2 these other purposes.

3 Q. And that had all already been done by  
4 the time -- well, first of all, do you recall -- we  
5 were looking at board minutes from September.  
6 Again, you don't recall what month it was that  
7 Sport-BLX decided to withdraw -- or BLX Trading  
8 decided to withdraw its FINRA application between  
9 September and December?

10 A. I don't recall.

11 Q. Do you -- were these changes that were  
12 made at the company level irreversible between  
13 September and December?

14 A. No, they were not irreversible.

15 Q. And so Mr. Salerno responds to you,  
16 "Like you, I like the broker-dealer model. As for  
17 the FINRA application, I am more than happy to  
18 provide the Cypress ownership information to be  
19 included in the application as I have communicated  
20 prior. That said, I would just like to be assured  
21 that such information will be maintained on a  
22 confidential basis, within the company."

23 Do you see that? That's what he -- his  
24 response to you on December 23?

25 A. Yeah, I see the December 23 date and

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1 something about being stuck in the outbox. So yes,  
2 I see what he wrote.

3 Q. Okay. And had Mr. Salerno told you  
4 before December 23 that he was happy to provide the  
5 Cypress ownership information to be included in the  
6 FINRA application?

7 A. I don't recall that, if he had or not.

8 Q. Had he told you prior to this email  
9 that he just wanted to be assured that such  
10 information would be maintained on a confidential  
11 basis within the company?

12 A. Best of my recollection, there were a  
13 number of times where he said he didn't want me to  
14 know specifically, and he didn't want management to  
15 know. This is a departure from that. Whether this  
16 was the first departure, or if there was one  
17 previously, I don't know.

18 Q. How did you react or how did you  
19 respond to this email from Mr. Salerno?

20 A. Well, I was perfectly ready to receive  
21 the -- the list of LPs and consider whether or not  
22 we should go back to the old model.

23 Q. And what happened with that?

24 A. Well, he never sent them.

25 Q. So you're saying that even after this

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1 you requested the list of LPs, and Mr. Salerno never  
2 provided them?

3 MR. SACK: Objection to the form.

4 A. I didn't say that. I didn't request  
5 them. After five months of the -- well, first after  
6 his misleading us about who Cypress was in the first  
7 place, when we were led to believe that it was just  
8 him, and then when we asked him to -- we didn't  
9 really ask him to disclose LPs. I think the  
10 original question was will you confirm that you're  
11 the only one? And that -- those requests went  
12 ignored, and then when I asked it again, he  
13 mentioned his estate plan.

14 So after that he said if -- could he  
15 just call. Then he said could he and his counsel  
16 call. Then he said could my counsel call your  
17 counsel. And then none of those got him to -- to  
18 where -- none of them got the company to a  
19 successful application, so this just seemed like one  
20 more thing he was throwing out there. But it wasn't  
21 clear whether he was serious or not.

22 Q. Okay. So is it fair to say  
23 notwithstanding what Mr. Salerno said in this email,  
24 that you didn't -- you decided not to pursue another  
25 FINRA application on behalf of BLX Trading?

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1 MR. SACK: Objection to the form.

2 A. What I'm saying is after six months of  
3 back and forth and the nonsense and the  
4 nondisclosure and the misleading the company, the --  
5 the estate plan was completely false and misleading,  
6 we had doubts about his sincerity in virtually  
7 anything. Had he said I'm going to -- instead of  
8 saying I'm willing to disclose, he could have sent  
9 me an email saying these are the LPs, but he didn't.  
10 He didn't do that. He could have sent me a  
11 nondisclosure agreement saying as soon as this is  
12 signed, I'll send you the LPs. So this statement  
13 didn't really seem sincere, but we would have been  
14 happy to take the names of the LPs and reconsider.

15 Q. Okay. So I'm just trying to figure out  
16 what you're saying is you decided not to pursue it  
17 further because you doubted the veracity of what he  
18 was saying?

19 MR. SACK: Objection to the form.

20 A. Decided not to pursue it further  
21 because he wouldn't -- he didn't disclose the LPs.

22 Q. Okay. But he offered to in this -- in  
23 this email, correct?

24 A. He offered to if he was assured that  
25 it would be maintained on a confidential basis,

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1 which of course it always would have been, so that  
2 was never the issue. But it -- at -- you know, I  
3 think I asked him subsequent to this are you the  
4 sole owner, or is your family the sole owner, and I  
5 think even after this he said something about his  
6 estate plan. So he was never sincere, he was never  
7 transparent, to use that word. He -- I was never  
8 convinced that he was sincere. And if he was  
9 sincere, we would have reconsidered.

10 Q. And Mr. Hall, do you know if -- you  
11 didn't respond, I take it, to this email from  
12 Mr. Salerno?

13 A. I don't recall.

14 Q. Do you know if anybody from Sport-BLX  
15 responded to this email from Mr. Salerno?

16 A. I don't recall.

17 MR. PEARLSON: All right. If we could  
18 go to Hall-46.

19 (Exhibit Hall-46, Two-page 12/23  
20 through 12/27/2019 email exchange between Michael  
21 Salerno, George Hall, and Joseph De Perio Bates  
22 stamped SPORTBLX00052409 and 52410, is marked for  
23 identification.)

24 Q. Mr. Hall, before we look at what's been  
25 marked as Hall-46, was -- was the only issue



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1 preventing BLX Trading from getting registered as a  
2 broker-dealer Mr. Salerno's unwillingness to  
3 disclose the limited partners of Cypress?

4 A. I have no way to know whether an  
5 application would ever get approved or not. What I  
6 did know was that this was one issue that they had  
7 requested that we were advised by our counsel was an  
8 issue that had to be responded to, and that he  
9 refused to. So I can't opine on whether or not  
10 there are any other issues that would have come up  
11 that would have prevented the -- the license from  
12 being successful, but this was one thing that  
13 clearly would make it not successful.

14 Q. Okay. My -- my question is this,  
15 Mr. Hall. Were you made aware by either  
16 Mr. Norensberg, Mr. Mack, or someone else of an  
17 issue that arose with respect to BLX's Trading  
18 broker-dealer registration that was an obstacle to  
19 it getting approved as a broker-dealer?

20 MR. SACK: Objection to form.

21 A. I don't recall.

22 Q. So if we can look at what's been marked  
23 as Hall-46 for identification, I'm going to draw  
24 your attention -- it's a two-page email chain,  
25 SPORTBLX00052409 through 52410. Direct your

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1 attention to the email on the bottom of page 2 --  
2 well, it's actually the bottom of -- I'm sorry. The  
3 bottom of the first page. Where it's Mr. De Perio  
4 to Mr. Salerno, he says, "I understand you had a  
5 conversation with Cesar last week regarding your  
6 potential disclosure of shareholders of Cypress."

7 Is that something you were made aware  
8 of, a conversation between Mr. Salerno and Cesar  
9 Baez concerning his potential disclosure of the  
10 shareholders of Cypress?

11 A. I think I mentioned that previously,  
12 that there was some conversation with Mr. Baez.

13 Q. Okay. And who made you aware of that  
14 conversation?

15 A. I don't recall.

16 Q. Do you know what the substance of that  
17 conversation was?

18 MR. SACK: Objection to the form.

19 A. I don't think there was much substance  
20 of the conversation.

21 Q. Okay. Do you know whether Mr. Baez  
22 asked Mr. Salerno to provide the list of the LPs  
23 from Cypress?

24 A. I don't know.

25 Q. Okay. And then in response, Michael

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1 Salerno responds to Mr. De Perio on Friday, December  
2 27, 2019. He says, I don't agree with many of your  
3 statements, and he says "Per" -- in the second  
4 paragraph, "Per our board call in December George  
5 agreed to have my counsel speak to BLX counsel,  
6 Mr. Mack. When they spoke my counsel communicated  
7 to Mr. Mack that I am willing to provide Cypress  
8 ownership for the FINRA application. Mr. Mack  
9 directed us to communicate same to George which I  
10 did. I left it in George's hands whether or not to  
11 have a call last week and obviously he decided to  
12 cancel the call."

13 First of all, were you aware of  
14 communications between Mr. Salerno's or Cypress'  
15 counsel and Mr. Mack?

16 A. I believe I said that I didn't have  
17 any problem if his counsel spoke to Mr. Mack.

18 Q. Okay. And do you -- did you -- were  
19 you aware that -- that he indicated or his counsel  
20 indicated to Mr. Mack he was willing to provide  
21 Cypress ownership information for the FINRA  
22 application?

23 MR. SACK: Objection to form.

24 A. I don't recall if his counsel spoke to  
25 Mr. Mack.

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1 Q. Okay. You were never notified one way  
2 or the other whether his counsel spoke to Mr. Mack?

3 A. I'm saying I don't recall.

4 Q. Okay. Were you ever made aware that --  
5 that, like he had said to you, Mr. Salerno had also  
6 indicated to Mr. Baez that he was willing to move  
7 forward with the disclosure of the shareholders of  
8 Cypress or the limited members -- limited partners  
9 --

10 MR. SACK: Objec- --

11 Q. -- of Cypress?

12 MR. SACK: Objection to form.

13 A. I believe he communicated something  
14 along those lines to Mr. Baez. I don't recall if  
15 Mr. Mack spoke to Salerno's counsel or not.

16 Q. Okay. So this is a -- a second time  
17 that Mr. Salerno is communicating to someone at  
18 Sport-BLX his willingness to disclose the ownership  
19 information of Cypress, correct?

20 MR. SACK: Objection to form.

21 A. Well, I'm not sure. It's around the  
22 same time, then we have the delay in the outbox, so  
23 --

24 Q. We're looking at December 23 and  
25 December 27, correct?

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1 A. Yeah. So I'm not sure -- if it's on  
2 the 23rd now, I think this would be the first,  
3 right? This came before the 27th?

4 Q. So --

5 A. Maybe I'm confused.

6 Q. Well, the one we're looking at is the  
7 27th, Mr. Hall.

8 A. Okay. 27th.

9 Q. The one before it was the --

10 A. Okay.

11 Q. -- 23rd.

12 A. Right, so the 23rd --

13 Q. As is the email on the bottom.

14 A. So the 23rd was Joe saying I  
15 understand you had you a conversation with Cesar.

16 Q. Last week. Late last week.

17 A. Yeah. And then on the 27th there was  
18 another communication between Salerno and Joe.  
19 Okay.

20 So I'm sorry. The question?

21 Q. So my question is this. Following  
22 these communications between Mr. Salerno and  
23 representatives of Sport-BLX, did you have any  
24 discussions as to whether -- with anyone regarding  
25 whether or not to resubmit BLX Trading's FINRA

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1 application?

2 A. We didn't know who the beneficial  
3 owners were.

4 Q. Given the willingness that he had  
5 indicated to disclose them, did anybody -- well, the  
6 first question is did anybody follow up with  
7 Mr. Salerno to say please give us the -- the owners  
8 so we can move forward?

9 MR. SACK: Objection to form.

10 A. We had been asking him that for six  
11 months. All he had to do was email the list.

12 Q. Okay. Did anyone, following these  
13 conversations where he indicated he was willing to  
14 disclose it, ask him to send over a list of the  
15 Cypress limited partners?

16 MR. SACK: Objection to the form.

17 A. We had asked for six months for him to  
18 disclose.

19 Q. What six months, by the way, Mr. Hall?

20 A. Well, I'm estimating from August --  
21 from August until December.

22 Q. Sounds like four months to me, but...

23 A. August, September -- five months,  
24 inclusive. Split the difference?

25 Q. I'm not going to quibble -- yeah, okay.

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1 Fine. We -- we're on the same page as to the time  
2 --

3 A. Yeah.

4 Q. -- period. Go ahead.

5 A. It was a lot longer than it should  
6 have been.

7 So after six months and these  
8 iterations and these unacceptable offerings, we  
9 tried hard over and over to get the list of the LPs.  
10 At this point, obviously, this was either an  
11 awakening on his part that he actually did damage to  
12 the business or an awakening that his attempts to  
13 shake the company down for big buyout weren't going  
14 to work, and he threw this out, most likely for the  
15 record, but if it was really sincere, he would have  
16 called me and said, here's the -- the -- the --  
17 called me or sent me an email with the list of the  
18 LPs.

19 Q. And again, my question is did anybody  
20 from Sport-BLX ask him to provide those -- after --  
21 following these communications from him, did anybody  
22 from Sport-BLX ask him to provide the list of the  
23 Cypress LPs?

24 A. I don't recall if anybody discussed it  
25 with him after December 27.

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1 Q. And following these disclos- -- these  
2 communications that we just looked at, did you have  
3 any discussions with anybody from Sport-BLX on  
4 whether you should renew the broker-dealer model  
5 that was reflected in the BLX Trading application to  
6 FINRA?

7 A. Well, I'm sure I had that discussion  
8 with Joe. Obviously, it's easier if -- if you had  
9 one company, but you also -- it's difficult to have  
10 a company shift business plans for somewhere between  
11 four and six months, somewhere around five, to turn  
12 the ship, as he said, and create a new business  
13 plan, to do all the -- the workaround of what the  
14 plan would be, and then to just have an email  
15 saying, okay, after all this time now I'm ready.  
16 You can't just keep going back and forth.

17 Q. Well, that's not my question, Mr. Hall.  
18 My question is did you have any -- did you have any  
19 discussions with anyone about whether or not to  
20 reapply to FINRA or otherwise resuscitate the  
21 broker-dealer model that you had started with?

22 MR. SACK: Objection to the form.

23 A. I don't recall a specific conversation  
24 about that, but that was always a possibility.

25 Q. Okay. Did you recall having any



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1 specific conversations with anyone from Sport-BLX  
2 where you said we're not gonna do this; we're not  
3 gonna try to resuscitate the broker-dealer model,  
4 and we're going to move on with a technology model?

5 A. At what time?

6 MR. SACK: Objection to the form.

7 A. At what time?

8 Q. At or around the time of these  
9 communications from Mr. Salerno.

10 A. I think prior to these communications  
11 we had said we were going to get -- we were going to  
12 move on, and Mr. Salerno acknowledged that we were  
13 going to move on, and Mr. Salerno expressed  
14 enthusiasm for the new business in one of the  
15 meetings, and --

16 Q. So Mr. -- Mr. Hall, I'm sorry to  
17 interrupt, but my question's a little different. My  
18 question is following these conversations -- or not  
19 these conversations -- these communications from  
20 Mr. Salerno, did you have a discussion with anyone  
21 from Sport-BLX as to whether to stick with the  
22 technology model or go back to the broker-dealer  
23 model?

24 MR. SACK: Objection to the form.

25 A. I most likely had discussions with Joe

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1 De Perio, but I don't remember any specific  
2 discussion about it.

3 Q. Did you have any discussions with  
4 anyone else about that topic?

5 MR. SACK: Objection to form.

6 A. I don't recall.

7 Q. Do you recall whether there were any  
8 writings or communications, emails, about this  
9 topic, whether you're gonna stick with the  
10 technology model or go to the broker-dealer model?

11 MR. SACK: Objection to form.

12 A. The company had made a shift to a  
13 technology model. At this point it was not an  
14 either/or. The company, with all the board members  
15 agreeing, had decided to focus on technology.  
16 Mr. Salerno offered up new information that he might  
17 be willing to disclose his LPs after all this time,  
18 but the company, on December 27, was not either/or.  
19 The company was technology.

20 Q. Now, following the withdrawal of BLX  
21 Trading's application did Sport-BLX or any of its --  
22 did Sport-BLX or any of its affiliates make a  
23 subsequent application to FINRA for a broker-dealer  
24 license?

25 MR. SACK: Objection to form.

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1 A. I don't recall if the -- if an  
2 application was made.

3 Q. Okay. And that was referring to  
4 Sport-BLX Securities?

5 A. Based on the question, I'm referring  
6 to any entity that I was aware of --

7 Q. All right. Did --

8 A. -- or affiliated with.

9 Q. Did you and Mr. De Perio create an  
10 entity called Sport-BLX Securities that would serve  
11 the same function as BLX -- as -- yeah, BLX Trading  
12 would have --

13 MR. SACK: Objection to form.

14 Q. -- served?

15 MR. GOLD: Join.

16 A. The purpose of Sport-BLX Securities  
17 was to -- to form a broker-dealer so that it could  
18 pay -- so it could earn commissions to pay  
19 technology fees to Sport-BLX, Incorporated.

20 Q. Okay. And when was that done? When  
21 was Sport-BLX Securities formed?

22 A. I think it was around April of 2020.

23 Q. And that was a corporation that was  
24 owned by you and Mr. De Perio?

25 A. Correct.

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1 Q. And in the interim did Sport-BLX do  
2 anything to try to develop a relationship with any  
3 other broker-dealer?

4 MR. SACK: Excuse me. What period?

5 Q. Between -- between the time that in  
6 December, late December, when you abandoned BLX  
7 Trading and when you formed Sport-BLX Securities,  
8 did you make any efforts to develop a relationship  
9 with any other broker-dealers?

10 MR. SACK: Objection to form.

11 A. I'm not sure what kind of relationship  
12 you're refer- -- you're referring to.

13 Q. Well, that it would develop a  
14 relationship with a third -- a third party broker to  
15 trade in the assets of Sport-BLX?

16 MR. SACK: Objection to form.

17 A. Well, there are no assets of  
18 Sport-BLX. I'm not sure what you mean by that, --

19 Q. Okay.

20 A. -- to trade in the assets of  
21 Sport-BLX.

22 Q. Well, to trade in -- strike that.

23 Explain to me what -- what the role of  
24 Sport-BLX Securities was going to be in conjunction  
25 with Sport-BLX?

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1 MR. SACK: Objection to form.

2 A. Sport-BLX Securities, the original  
3 intention was to be a customer of Sport-BLX,  
4 Incorporated, and it would pay fees to put assets on  
5 the platform with the hopes of collecting  
6 commissions.

7 MR. PEARLSON: Okay. Why don't we  
8 take a quick break, and then we'll get back together  
9 in maybe ten minutes?

10 MR. SACK: Yeah, that's good.

11 THE VIDEOGRAPHER: It's 3:52 p.m.  
12 We're going off the record.

13 (Recess taken from 3:52 to 4:08 p.m.)

14 THE VIDEOGRAPHER: It is 4:08 p.m. We  
15 are back on the record.

16 BY MR. PEARLSON:

17 Q. Mr. Hall, we were talking about  
18 Sport-BLX Securities when we broke, and that it was  
19 -- at some point it had applied to or it was  
20 considering applying to be a broker-dealer with  
21 FINRA, correct?

22 A. It was created with the long run  
23 intention of creating a broker-dealer.

24 Q. Okay. The way you said that, does that  
25 mean that it never was registered as a

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1 broker-dealer?

2 A. No, it means that you can't just start  
3 the company and be a broker-dealer quickly. There's  
4 months of preparation, months, if not a year, of  
5 FINRA back and forth and approvals, so it was a  
6 plan.

7 Q. Okay. Is it -- is that plan -- has it  
8 ever submitted an application to FINRA?

9 A. I don't recall if the application was  
10 submitted or not.

11 Q. Okay. Does it have any intention to  
12 still be a broker-dealer, Sport-BLX Securities?

13 MR. SACK: Excuse me -- okay.

14 A. Potentially.

15 Q. Do you have any idea as to the timing  
16 of that, as to when it would -- when it would look  
17 to become a broker-dealer?

18 A. After the resolution of this  
19 litigation.

20 Q. If you could look at what's been marked  
21 as Hall-47 for identification.

22 (Exhibit Hall-47, One-page August 17,  
23 2020, email from Ken Norensberg to Joseph De Perio  
24 and George Hall attaching 20-page Sport BLX  
25 Securities, Inc. Proposed Business Plan Bates

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1 stamped SPORTBLX0128701 through 128721, is marked  
2 for identification.)

3 MR. SACK: Do we have that, Dan?

4 MR. CARBONE: We don't have it yet.

5 MR. SACK: Hmm?

6 MR. CARBONE: We don't have it.

7 MR. SACK: I just wasn't sure whether  
8 it was given to the witness. Thank you. I didn't  
9 mean to hasten you.

10 MR. TYRRELL: I could use the workout.

11 MR. SACK: Thank you.

12 MR. PEARLSON: Don't hasten him. Only  
13 I could hasten him.

14 MR. SACK: I'll chasten him, you can  
15 hasten him.

16 MR. PEARLSON: Okay. I also want to  
17 know that word you used before that I never heard a  
18 witness use before in a deposition.

19 THE WITNESS: Which one?

20 MR. SACK: Disintermediation.

21 THE WITNESS: I had to go look in the  
22 dictionary to be sure I didn't make a mistake.

23 MR. PEARLSON: Good word.

24 BY MR. PEARLSON:

25 Q. All right. So Mr. Hall, if you could

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1 look at what's been marked as Hall-47 for  
2 identification, the cover is a -- an email from  
3 Mr. De Perio to you, and the subject is forward  
4 "Business Plan\_Ken Revisions from Markup." Do you  
5 see that?

6 A. Yes.

7 Q. And then it refers to attachments,  
8 "Sport-BLX Securities Business Plan\_Ken  
9 Revisions\_August 17, 2020." Do you see that?

10 A. Yes.

11 Q. Does this refresh -- and this document,  
12 just for the record, is -- is SPORTBLX0128701  
13 through 0128721. Do you see that?

14 A. Yes.

15 Q. Okay. And this is -- does this appear  
16 to be a business plan that was prepared for  
17 Sport-BLX Securities to make its application for  
18 FINRA for a broker-dealer license?

19 A. Yes.

20 Q. And did you participate in the -- in  
21 the -- in putting together the plan that's attached  
22 to this email?

23 A. Potentially some cursory  
24 participation.

25 Q. Okay. And it indicates that



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1 Mr. Norensberg, from Luxor, was also involved in  
2 this -- the preparation of this plan?

3 A. Yes.

4 Q. And that was, again, in anticipation of  
5 applying to FINRA for a broker-dealer registration?

6 A. Yes.

7 Q. Okay. Now, do you recall whether this,  
8 the business plan -- first of all, the ownership is  
9 -- the owners, as you indicated, were yourself --  
10 well, turn to page 5 of the business plan, please.

11 And it indicates the ownership  
12 structure is -- is you, Mr. De Perio, and then a  
13 stage one investor group. Do you see that?

14 A. Yes.

15 Q. Did you already have investors in  
16 Sport-BLX Securities as of the time of this  
17 document?

18 MR. SACK: You mean the time of the  
19 email?

20 MR. PEARLSON: Yes.

21 A. Yes.

22 Q. Okay. And who were -- who were the  
23 other investors?

24 A. They were just people investing that  
25 like to invest in tech companies. I don't recall

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1 all their names.

2 Q. Were they investors who had invested in  
3 Sport-BLX?

4 A. No.

5 Q. And was the intention of -- of this --  
6 of Sport-BLX Securities to -- to not involve Cypress  
7 or Mr. Salerno?

8 A. The intention --

9 MR. SACK: Objection to form, but you  
10 can try to answer.

11 A. At what time?

12 Q. Well, did you -- was it your -- was it  
13 your intention specifically, because of the prior  
14 experience with Mr. Salerno and Cypress, to not  
15 include Mr. Salerno and Cypress in this entity,  
16 Sport-BLX Securities?

17 MR. SACK: Objection to the form.

18 A. The plan for Sport-BLX Securities was  
19 first to do the things that Sport-BLX did not have  
20 -- Sport-BLX, Inc. did not have the opportunity to  
21 do, so that is primarily to collect commissions.

22 Q. Was the business plan for Sport-BLX  
23 Securities essentially the same as BLX Trading?

24 A. No.

25 Q. How -- how do they differ?

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1           A.       Sport-BLX Securities was never  
2       intending to build technology and to be a technology  
3       company. It was to lease the technology from  
4       Sport-BLX, Incorporated.

5           Q.       Okay. Was BLX Trading going to be a  
6       technology company?

7           A.       BLX Trading was going to be the  
8       broker-dealer subsidiary of a technology company.

9           Q.       So maybe -- maybe I -- my question was  
10      bad.

11                    Mr. Hall, my question is what was --  
12      what were the differences in the business plans  
13      between BLX Trading and BLX Securities?

14           A.       When you say "the business plan," are  
15      you referring to the FINRA business plan?

16           Q.       Yes.

17           A.       Oh. I'd have to look carefully at the  
18      -- each plan and compare them to -- to be precise on  
19      what the differences would be.

20           Q.       Okay. How about just generally, what  
21      were the differences between the two business plans  
22      for the two entities?

23           A.       So the original entity was gonna get  
24      licensed as a broker-dealer -- the intention was to  
25      become a broker-dealer and also to have the

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1 technology be designated as an ATS, or alternative  
2 trading system. So that was never the intention of  
3 Sport-BLX Securities because it didn't have  
4 technology, and it wasn't going to try to form an  
5 ATS or have technology that would be designated as  
6 an ATS.

7 Q. Did -- did Sport-BLX Securities have  
8 plans to either license or acquire technology in  
9 order to do what you just described?

10 A. Well, that's one of the issues that I  
11 don't know if we ever got resolved, whether you  
12 could license -- license an ATS or whether you could  
13 be an ATS relying on -- relying on some other  
14 company's technology, but basically the -- Sport-BLX  
15 Securities was to -- to collect -- to sell  
16 securities, to earn commissions using the technology  
17 that it would lease from Sport-BLX, Incorporated.  
18 Sport-BLX Securities most likely was not gonna ever  
19 be an ATS.

20 Q. When -- when you made the decision to  
21 switch the models for Sport-BLX, and it became a  
22 technol- -- what you've called a technology company,  
23 how did that -- how did that -- the use of -- how  
24 did -- strike that.

25 How did Sport-BLX intend to use its

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1 technology in connection with the technology model;  
2 was it going to license out its technology to  
3 others?

4 MR. SACK: Objection to form. And  
5 when you say "you" changed, do you mean when  
6 Sport-BLX changed its --

7 MR. PEARLSON: Correct.

8 MR. SACK: -- approach?

9 Q. Let me -- let me be clear. When you --  
10 as you testified, when Sport-BLX decided to change  
11 its business plan to a technology company back in  
12 2019, the fall of 2019, how did it intend to use its  
13 technology to generate revenues?

14 A. Well, there were two transactions that  
15 it started to look at immediately, which I referred  
16 to before. One was a European golf transaction,  
17 which was different in the sense that it wasn't  
18 gonna be the sale of securities, wasn't gonna  
19 require us to have a broker-dealer, and wasn't going  
20 to collect commissions. The second one was a  
21 potential opportunity to do some technology  
22 development for a third party.

23 Q. And what happened with the -- when did  
24 you pursue the European golf opportunity, and can  
25 you describe for us what it was in greater detail?

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1           A.       I don't recall specifically what the  
2       revenue source was. Joe De Perio worked on that  
3       deal, and I don't recall specifically what the  
4       transaction was about.

5           Q.       And what happ- -- happened? Was there  
6       ever a deal struck on the European golf matter?

7           A.       I don't believe there was -- there was  
8       -- there was never a deal struck. Correct.

9           Q.       Okay. And when you say "technology  
10      development," who -- who was -- who were you going  
11      to develop technology for?

12          A.       Well, I don't know if it was a joint  
13      venture with the European entity or develop it and  
14      sell it to them or develop it and license it. I  
15      don't -- I don't recall.

16          Q.       And do you know the -- any name -- the  
17      name of the European entity?

18          A.       No.

19          Q.       And who negotiated -- who was  
20      negotiating that?

21          A.       Joe De Perio.

22          Q.       And what happened with that deal;  
23      anything?

24          A.       I don't recall, but it didn't happen.

25          Q.       Okay. Just going back to Sport-BLX

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1 Security...

2 MR. PEARLSON: Why don't we show him  
3 Hall-48?

4 (Exhibit Hall-48, 5/2/21 email from  
5 Joseph De Perio to Andrew Gadlin Bates stamped  
6 SPORTBLX00012773, is marked for identification.)

7 Q. So Mr. Hall, I'm showing you what's  
8 been marked as Hall-48. It's a one-page email,  
9 SPORTBLX00012773, an email from Mr. De Perio to  
10 Andrew Gadlin dated May 2, 2021.

11 My first question is, who is  
12 Mr. Gadlin?

13 A. He's what might be called a  
14 salesperson or an investment banker with a company  
15 named Odeon.

16 Q. How -- can you spell that for the  
17 record, sir?

18 A. O-d-e-o-n.

19 Q. Okay. And when did you first meet  
20 Mr. Gadlin? Or did you meet Mr. Gadlin?

21 A. Only through Zoom, and I think it was  
22 sometime towards the end of 2020.

23 Q. Okay. And what was the purpose of the  
24 meeting between you and Mr. Gadlin?

25 A. We want- -- we were going to engage

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1 Odeon, primarily Mr. Gadlin, to look for financing  
2 sources to buy athlete contracts.

3 Q. Okay. And -- and towards -- towards  
4 what end?

5 A. To have a pool of capital that could  
6 buy athlete contracts and that could be sold through  
7 the platform.

8 Q. Okay. Is that similar to what we  
9 described earlier as "the fund"? Would he -- would  
10 that be operating a fund similar to what we had  
11 discussed earlier?

12 A. The purpose is similar, but the  
13 structure was different.

14 Q. Okay. And how so?

15 A. So the transaction we were pursuing  
16 was a debt transaction, and we were ultimately  
17 offered a number of -- a number of entities  
18 ultimately offered us financing so that we would  
19 have the opportunity to buy the -- buy the assets  
20 and then list them on the platform.

21 Q. Okay. And here Mr. De Perio -- do you  
22 know why he's sending this email to Mr. Gadlin?

23 A. I don't know specifically, but I think  
24 it was just background on the situation of why there  
25 were two companies.



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1 Q. When you say "two companies,"  
2 Sport-BLX, Inc. and Sport-BLX --

3 A. Sport-BLX --

4 Q. -- Securities?

5 A. -- Securities, correct.

6 Q. Okay. Now, it says in -- in the email,  
7 the -- the third sentence, "In January, Sport-BLX,  
8 Inc. became an independent entity, and key SportBLX  
9 staff members moved over from Clinton to Sport-BLX,  
10 Inc."

11 What is he talking about there; in  
12 January it became an independent entity?

13 A. I think in January --

14 MR. SACK: I'm going to --

15 A. Oh, this is --

16 MR. SACK: -- object -- I'm going to  
17 object to the form, but you can try to answer.

18 A. This is January of 2019.

19 Q. Okay. In January 2019 or January 2020?

20 A. Well, --

21 MR. SACK: Well, you're -- it's not  
22 his --

23 MR. PEARLSON: Well, yeah.

24 MR. SACK: -- email, but I guess --

25 A. First sentence --

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1 MR. SACK: -- you're being asked for  
2 your understanding.

3 Q. Yeah. What is -- what do you  
4 understand Mr. De Perio to be saying?

5 A. Well, his first sentence refers to the  
6 third and fourth quarter of 2018, and then, as was  
7 said in the FAQs and other information, Clinton  
8 Group funded the -- the business until this time,  
9 and then in January of 2019 Sport-BLX, Incorporated  
10 became an independent entity from -- from Clinton  
11 Group. And then in addition to hiring people for  
12 Sport-BLX, Incorporated, certain members of --  
13 former Clinton Group members became full-time  
14 Sport-BLX members.

15 Q. And who were those individuals?

16 A. Henry Sullivan, Jacob Simon, and  
17 Joseph De Perio.

18 Q. And in the -- in the next paragraph  
19 it's discussing -- it's discussing Sport-BLX  
20 Securities. Do you see that?

21 A. In the middle of the paragraph?

22 Q. Correct.

23 A. Yes.

24 Q. And it refers to the fact that because  
25 of the impasse with FINRA, and it couldn't register

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1 as a broker-dealer, that the founders created  
2 Sport-BLX Securities, Inc. Do you see that?

3 A. Correct.

4 Q. Okay. Now, it said -- it says, "Total  
5 third-party capital raised to support Sport-BLX  
6 Securities, Inc. equates to \$2.0 million."

7 At -- at this point in May of 2021 did  
8 you have additional investors beyond the ones  
9 described in the business plan we just went over?

10 A. I don't know what the business plan  
11 said. I haven't looked at it yet.

12 Q. Okay. It then -- we don't need to go  
13 through that, Mr. Hall.

14 It then says, "Securities has a license  
15 to use Inc.'s technology in perpetuity." What does  
16 that mean?

17 A. So Sport-BLX Securities created what  
18 we -- I believe we called a subscription agreement  
19 that was between Sport-BLX Securities and Sport-BLX,  
20 Incorporated to license the firm's technology to  
21 list assets on the platform.

22 Q. Do you know when that subscription  
23 agreement was entered into between the two  
24 companies?

25 A. Somewhere in the summer, maybe June,

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1 but I'm not exactly sure, of 2020.

2 Q. And do you know how the terms of that  
3 subscription agreement were negotiated?

4 A. There was an upfront payment and then  
5 a monthly payment and then some customary terms  
6 about escalations and the parties' responsibilities.

7 Q. Do you know who negotiated that  
8 transaction on behalf of Sport-BLX?

9 A. Sport-BLX, Incorporated, Pete Rawlins.

10 Q. Anybody else?

11 A. I believe Ryan Fisch was involved.

12 Q. Who's Ryan Fisch?

13 A. He was the chief technology officer.

14 Q. And was Sport-BLX represented by  
15 counsel?

16 A. No.

17 Q. And how about -- was there anybody else  
18 on the Sport-BLX, Inc. side in that transaction?

19 A. Only to the extent that I was  
20 involved, but not -- I was really more involved in  
21 both sides, but it was Pete Rawlins that led the  
22 negotiations.

23 Q. For Sport-BLX, Inc.?

24 A. Correct.

25 Q. And what about on behalf of Sport-BLX

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1 Securities, who -- who represented Sport-BLX  
2 Securities in the transaction?

3 A. Joe De Perio.

4 Q. Do you know, was the -- was this  
5 transaction approved by the Sport-BLX board of  
6 directors?

7 MR. SACK: By Inc.? By the Inc. --

8 Q. By the Inc. --

9 MR. SACK: -- board of directors?

10 Q. -- board of directors.

11 A. We'll assume for now that Sport-BLX is  
12 Sport-BLX, Inc.

13 Q. Yes.

14 THE WITNESS: That's okay?

15 MR. SACK: Yeah.

16 A. I believe it was, yes.

17 Q. Do you know if -- if that's reflected  
18 in any minutes?

19 A. I don't -- I don't recall.

20 Q. Do you know whether that -- was that  
21 transaction approved by any -- any independent group  
22 of directors?

23 A. I don't recall.

24 Q. And it says in this email "has a  
25 license to use Inc.'s technology in perpetuity."

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1 What does that mean?

2 A. That for as long as Sport-BLX  
3 Securities wanted to use the technology to list  
4 assets, that it had the right to do that.

5 Q. When you say "in perpetuity," you're  
6 referring to that it was a renewable license?

7 A. Well, this was from Joe to Andrew.  
8 I'm just trying to interpret what I think he meant.

9 I think the point of perpetuity was  
10 that we were comfortable that there wasn't the risk  
11 that we could be not -- denied the use of the  
12 technology, which would be necessary for the  
13 Sport-BLX Securities plan.

14 Q. As of May 2021 did Sport-BLX license  
15 its technology to any other entity other than  
16 Sport-BLX Securities?

17 A. No.

18 Q. Do you know, were there any attempts  
19 made to license Sport-BLX technology to any other  
20 entity besides Sport-BLX Securities?

21 MR. SACK: You mean other than the PGA  
22 example?

23 Q. Right. Other than the PGA example we  
24 went over.

25 A. I don't recall.

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1 Q. Are you aware of any other efforts to  
2 try to license the Sport-BLX technology to any  
3 entity other than Sport-BLX Securities and the --  
4 and the European golf venture?

5 A. Well, we have -- I think we have to  
6 distinguish the -- the licensing of the technology.  
7 The technology was built for a very specific purpose  
8 around sports. If there was an opportunity to  
9 repurpose the technology or use it for other things,  
10 we would have considered that, but we didn't have --  
11 I don't believe we had any opportunities to do that.

12 In terms of licensing it from -- to  
13 someone else that would do the same kind of sport  
14 deals, that was a pretty inefficient use of time at  
15 the -- at that time.

16 Q. Why is that?

17 A. Well, who would do it? I don't think  
18 anybody would do it.

19 Q. Because -- why -- why is that?

20 A. Well, I don't think the -- we had  
21 created a new construct, a new ecosystem. Athletes  
22 are not in the habit, generally, of securitizing  
23 their contracts, and there's no platform that I know  
24 of that was in the business of selling those to --  
25 selling shares of those contracts to the public. So

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1 we created a platform for a new business that we,  
2 for lack of a better word, invented or created, so  
3 it seemed like given the time constraints and the  
4 resource constraints, it would be a bit of a fool's  
5 errand to run around and try to get people to use  
6 our platform to underwrite the deals that only we  
7 understood.

8 Q. So I'm trying to understand, Mr. Hall,  
9 is how did you think that Sport-BLX was going to  
10 succeed as a technology company given the  
11 limitations you just described?

12 A. I don't think I described any  
13 limitations other than the commissions.

14 Q. Okay. I guess the question is as a  
15 technology company, was it your understanding that  
16 it was only going to have one customer?

17 A. Well, in the short run the focus was  
18 on this one customer because it was the fastest way  
19 to -- to try to use the technology. But over time  
20 the technology -- once we had advanced the concept  
21 of securitization of athletes' contracts, there may  
22 have been others that wanted to follow the business.  
23 For example, agents and other people involved in  
24 sports could have followed our lead and said that we  
25 have athletes that we'd like to securitize. They



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1 potentially could go to Sport-BLX, Inc. and use the  
2 technology, but that was off in the future. We had  
3 to develop the business before that would happen.

4 Q. Now, it says in the next sentence that,  
5 "Founders are currently working on a transaction to  
6 combine the entities and eliminate the third-party  
7 shareholder who prevented the filing for Inc."

8 What is that referring to?

9 MR. SACK: If you know. I'm going to  
10 object to the form, but you can try to answer that.

11 A. So the first thing that comes to mind  
12 would be the potential to buy out the shareholder so  
13 that we didn't have the issue. So -- but other than  
14 that, I'm not sure what -- what he was referring to.

15 Q. Are you aware of any attempts to buy  
16 out Cypress in -- following 2019?

17 A. Yeah, I think -- I think there was a  
18 discussion about that in 2021, and I'm not sure if  
19 there were any in 2020.

20 Q. What do you recall about the  
21 discussions to buy out Cypress in 2021?

22 A. I think it was after GlassBridge sold  
23 their shares and got out of this business I had a  
24 discussion with them about buying -- buying Cypress  
25 shares.

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1 Q. You and Mr. Salerno had a discussion?

2 A. I think so, although I'm not sure  
3 about the date.

4 Q. Okay. Do you recall what the  
5 discussions were?

6 A. Do you want to sell your shares? And  
7 there was some -- some discussion about price, but  
8 it didn't lead anywhere.

9 Q. Okay. Do you recall what the  
10 discussions in price were?

11 A. Well, for the stock I think I quoted  
12 where GlassBridge sold the shares. I think I may  
13 have quoted a price somewhere around \$10.00 a share.

14 Q. And that -- that wasn't successful,  
15 those negotiations?

16 A. No.

17 Q. Now, it says here that the "Founders  
18 are currently working on a transaction to combine  
19 the entities." Were you involved in discussions in  
20 May of 2021 to merge Sport-BLX Securities and  
21 Sport-BLX?

22 A. Well, I don't know about specific -- I  
23 don't know specifically what Joe was referring to  
24 here. I don't recall that specific time frame and  
25 specific discussions, but all along there was the

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1 intention to either combine the entities or have one  
2 entity acquire the other.

3 Q. Okay. And what would be the purpose of  
4 that?

5 A. Well, I think it's more efficient to  
6 have one entity rather than this, you know,  
7 potentially confusing agreement with one company  
8 that's a broker-dealer, but it's relying on the  
9 other company's technology, so I always thought the  
10 most efficient thing would be to recombine the  
11 companies.

12 Q. And would that have the effect that --  
13 have the same capability that Sport-BLX would have  
14 had if it had BLX Trading and -- as a registered  
15 broker-dealer that was a wholly-owned sub?

16 MR. SACK: Objection to form.

17 Q. Do you understand the question?

18 A. Not exactly.

19 Q. So if you had -- if you had -- if you  
20 had Sport-BLX Securities merged with Sport-BLX,  
21 would it have the same capabilities as Sport-BLX  
22 would have had if it had BLX Trading as a registered  
23 broker-dealer that was a wholly-owned sub?

24 MR. SACK: Objection to form.

25 A. Yeah, there were -- I think there were

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1 multiple potential structural options. Sport-BLX  
2 technology could have acquired Sport-BLX Securities  
3 and made Sport-BLX Securities, the broker-dealer, a  
4 subsidiary, which is the way BLX Trading was  
5 structured. Or Sport-BLX Securities could acquire  
6 Sport-BLX, Incorporated. So there were multiple  
7 ways that we could structure it. Or we could just  
8 have shareholders do a swap from one company to the  
9 other, so...

10 Q. And you don't recall, as you sit here  
11 today, in or around May of 2021 discussing pursuing  
12 one of those alternatives in a way that would  
13 eliminate Cypress as a shareholder of Sport-BLX?

14 A. Well, --

15 MR. SACK: Objection to form.

16 A. -- if -- if we had -- if we had done a  
17 combination of the entities, as I said, there are  
18 multiple ways we could do that. The easiest way to  
19 eliminate the third party would be to buy his shares  
20 if he would agree, and if -- if we felt that it was  
21 more efficient to operate as one company, we, in  
22 fact, could have invited all the shareholders to  
23 swap their stock in one entity for the other with  
24 the requirement that you have to disclose the  
25 beneficial owners; otherwise, it would kill the

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1 broker-dealer at the new company. So I don't recall  
2 what the specific -- what this is specifically  
3 referring to.

4 Q. Okay. And you don't recall any  
5 specific discussions in or around this time as to  
6 that -- what's referenced in this email?

7 A. I don't. I don't recall.

8 Q. Now, Mr. Hall, are you familiar with a  
9 company by the name of Orix PTP Holdings, LLC?

10 A. Yes, I referred to Orix before without  
11 knowing the full name, but I think we're --

12 Q. Okay. And --

13 A. -- talking about the same entity.

14 Q. And what is Orix PTP Holdings, LLC,  
15 which I'll refer to Orix as well?

16 A. I'm not sure what the PTP, LLC is, so  
17 I assume that's an American subsidiary of a company  
18 that the parent is a Japanese company.

19 Q. Okay. When's the first time you came  
20 in contact with Orix in any fashion?

21 MR. SACK: How about if we just agree  
22 that it's an Orix entity without a particular  
23 corporate designation? Just an --

24 MR. PEARLSON: Sure. I'm --

25 MR. SACK: -- Orix entity?

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1 MR. PEARLSON: I'll just -- we'll just  
2 call it Orix.

3 MR. SACK: Yeah.

4 A. Okay. I think sometime in 2018 or  
5 2019 there was a proposed transaction for  
6 GlassBridge from Orix through a consultant that we  
7 -- that we used, an advisor.

8 Q. Okay. And at that time what was your  
9 relationship with GlassBridge?

10 A. Well, that was the time where we had  
11 the, I think we called it management and services  
12 agreement, so, you know, I was ultimately  
13 responsible for the bulk of, along with the board,  
14 the -- the day-to-day -- well, me the day-to-day  
15 operations, you know, following the board's  
16 objectives for the company.

17 Q. Okay. Now, just to be clear for the  
18 record, what you're saying is through the management  
19 services the Clinton Group had with GlassBridge, you  
20 were serving in those roles?

21 A. Yes.

22 Q. Okay. And -- and did you -- in  
23 addition to that did you also have an ownership  
24 interest in GlassBridge?

25 A. Yes. Somewhere around 29 percent or

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1 30 percent.

2 Q. And in terms of Orix, did you have  
3 direct role in discussing transactions with Orix?

4 A. Yes.

5 Q. Okay. And who else was involved from  
6 GlassBridge?

7 A. Well, --

8 MR. SACK: Objection to form. He  
9 wasn't -- he was a Clinton Group. Just who else was  
10 involved, I think is the question.

11 Q. In discussions with Orix from either  
12 the Clinton Group or GlassBridge?

13 A. Well, at that time I think GlassBridge  
14 still had the CFO Danny Zheng, who was the CEO for a  
15 number of years before we were involved at  
16 GlassBridge.

17 Q. Can you just spell his name for the  
18 record?

19 A. I believe Z-h-e-n-g?

20 So I believe he was still the CFO of  
21 GlassBridge. Daniel Strauss was the primary person  
22 working for Clinton Group on behalf of GlassBridge.

23 Q. Okay. And what role was he serving at  
24 GlassBridge?

25 A. I don't recall if he was -- at which

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1 time frame; when Orix showed up?

2 Q. Yes.

3 A. Okay. I don't exactly remember when  
4 Orix showed up. I said sometime 2018 or '19. I  
5 don't know exactly what Daniel Strauss' role was,  
6 but it was either -- I think it was either acting  
7 COO or acting CFO or acting CEO. I don't recall.

8 Q. And at some point did Orix and -- and  
9 GlassBridge enter into or begin discussions  
10 concerning the sale of certain securities by  
11 GlassBridge to Orix?

12 A. Yes.

13 Q. Okay. Do you recall when those  
14 discussions began?

15 A. Sometime in 2019. I don't recall  
16 exactly.

17 MR. PEARLSON: Okay. If we could show  
18 him Hall-49.

19 (Exhibit Hall-49, 66-page Execution  
20 Version Securities Purchase Agreement between  
21 GlassBridge and ORIX dated October 1, 2019, Bates  
22 stamped GBE\_0009235 through 9300, is marked for  
23 identification.)

24 THE WITNESS: Thank you.

25 Q. Mr. Hall, I'm going to ask you to look



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1 at what's been marked as Hall-49 for identification.  
2 It's a -- a securities purchase agreement Bates  
3 stamped GBE\_0009235 through 9300.

4 Do you recall that in October of 2019  
5 that GlassBridge entered into a securities purchase  
6 agreement with Orix?

7 A. Yes.

8 Q. Okay. And do you see that on page 1  
9 that it says Seller owns all of the issued and  
10 outstanding shares of common star- -- common stock,  
11 excuse me, of Imation Enterprises Corp.?

12 A. Yes.

13 Q. Can you tell us what Imation  
14 Enterprises Corp. is?

15 A. It was a wholly-owned subsidiary of  
16 GlassBridge Enterprises.

17 Q. And did you hold any ownership interest  
18 in Imation at the time of this securities purchase  
19 agreement?

20 A. Not directly.

21 Q. Okay. Did you hold it indirectly?

22 A. Well, I own 28 to 30 percent of the  
23 parent, so indirectly, yes.

24 Q. Okay. And did -- and did you hold any  
25 position or title at Imation at the time of this

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1 trans- -- transfer or securities agreement?

2 A. No.

3 Q. Okay. Then it says at the -- in the  
4 second paragraph, "immediately prior to the closing,  
5 the company issued to seller a promissory note,  
6 dated as of September 30, 2019, in the original  
7 principal amount of 9 million and with a maturity  
8 date of September 30, 2026, and a promissory note,  
9 dated as of September 30, 2019, in the original  
10 principal amount of \$4 million and with a maturity  
11 date of September 30, 2026." And that's called the  
12 Sport-BLX Note, and the first one's a Levy Note, and  
13 it says they're collectively referred to as the  
14 "Notes."

15 Can you -- can you tell us, in sum and  
16 substance, what this transaction involved and what  
17 -- what was the involvement of Sport-BLX in it?

18 A. Sport-BLX had no involvement in this  
19 transaction. GlassBridge owned shares of --  
20 actually, Imation owned shares of Sport-BLX, and it  
21 also had a claim on some Levies from prior business,  
22 and Orix made a loan to the company with those two  
23 assets as collateral in two different promissory  
24 notes.

25 Q. Okay. So -- so GlassBridge sold and

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1 assigned the Levy note which was originally issued  
2 by Imation in favor of GlassBridge to Orix as part  
3 of this transaction, correct?

4 MR. SACK: Could we hear the question  
5 again?

6 THE WITNESS: Yeah, I don't -- I don't  
7 --

8 MR. SACK: Yeah.

9 THE WITNESS: Yeah.

10 MR. SPIRO: Slowly.

11 (Last question is read back by the  
12 court reporter.)

13 A. I don't entirely know what that means,  
14 but I'll try to answer it this way. Imation owned a  
15 claim, which we called the Levy claims, and it  
16 assigned it as collateral for a loan from Orix.

17 Q. Okay. And it did the same thing in  
18 connection with a note collateralizing a debt that  
19 was owed by Sport-BLX?

20 MR. SPIRO: No.

21 A. No.

22 MR. SACK: No.

23 Q. Okay. Could you explain what -- what  
24 the Sport-BLX note was?

25 A. Imation owned a certain number of

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1 shares of Sport-BLX common stock, and Orix made a  
2 loan to Imation and held Sport-BLX -- the Sport-BLX  
3 shares as collateral for the loan.

4 Q. And do you know how much Orix paid to  
5 purchase the combination of the stock and the notes  
6 referenced in this agreement?

7 MR. SACK: Objection to form.

8 A. Well, the notes were 9 million and 4  
9 million respectively. I don't recall what they paid  
10 for the common stock.

11 Q. Does -- if you look at paragraph 1.2,  
12 does that refresh your recollection?

13 A. Okay. I think I understand.

14 So I think this -- the way this is  
15 structured is as a -- a loan, but they -- the way  
16 they worded this here is they took possession of the  
17 collateral. Kind of like what we call a repurchase  
18 agreement is the way it seems worded here, but I'd  
19 have to look a little closer at some of the other  
20 parts of the document to -- to be definitive. But  
21 the total amount -- the total consideration for the  
22 two notes and for the common stock of Imation that  
23 was purchased by Orix appears to be the \$17 million  
24 number.

25 Q. And what role, if any, did the Clinton

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1 Group play in this transaction?

2 A. We helped negotiate that deal with  
3 Orix.

4 Q. Was that pursuant to any kind of  
5 agreement with GlassBridge? Was that part of the  
6 management services agreement?

7 A. Well, the management services  
8 agreement was -- I don't -- I don't recall the  
9 specific language -- was basically do whatever you  
10 can to help GlassBridge survive.

11 Q. Do you know if GlassBridge had a  
12 specific retention agreement with GlassBridge for  
13 this transaction for the services it provided?

14 A. I don't --

15 MR. SPIRO: Can you read the question  
16 back? I think you used GlassBridge twice in that  
17 sentence.

18 MR. SACK: Yeah.

19 MR. PEARLSON: Okay.

20 (Last question is read back by the  
21 court reporter.)

22 Q. No, the -- let me rephrase it because  
23 it was -- it was garbled.

24 My question is do you know whether the  
25 Clinton Group had a retention agreement with

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1 GlassBridge for -- in order to provide services in  
2 connection with this transaction?

3 A. I think the -- I don't think there was  
4 a specific agreement with respect to this  
5 transaction.

6 Q. Okay. So there was no -- you don't  
7 believe there was a specific written agreement in  
8 connection with this transaction?

9 A. I think it was part of the written  
10 agreement that was in place, which would include  
11 this, as well as other things.

12 Q. And that's -- is that the management  
13 services agreement that you referred to previously?

14 A. Yes.

15 Q. Okay. If we could go back to Hall-11.  
16 (Exhibit Hall-11, 85-page GlassBridge  
17 Enterprises, Inc. Form 10-K for fiscal year ending  
18 December 31, 2019, is marked for identification.)

19 Q. Do you know the amount of -- of this --  
20 of the -- what the Clinton Group was paid -- strike  
21 that.

22 First of all, can you describe the  
23 services the Clinton Group provided in connection  
24 with the transaction?

25 A. With this transaction?

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1 Q. Yes.

2 A. Negotiation of the documents.

3 Negotiation of the documents, negotiation of the  
4 terms, coming to -- helping Orix understand Imation.  
5 They were just from start to finish, the whole deal.

6 Q. If you could turn -- I'm going back to  
7 what's the form 10-K for GlassBridge Enterprises  
8 that was marked as Hall-11. If you could turn to --

9 MR. SACK: For calendar -- for fiscal  
10 year ending December 31, 2019?

11 MR. PEARLSON: Correct.

12 Q. And if you could turn to page 74 of 85  
13 at the bottom of that document. The top of the page  
14 says "Note 15 - Related Party Transactions."

15 MR. SACK: I'll just caution the  
16 witness that if he feels he needs to refer to other  
17 portions of the document to do so.

18 A. Okay.

19 Q. Okay. In the middle of the page it  
20 says, "On September 13, 2019, the board approved a  
21 success fee in connection with the completion of the  
22 Orix transaction and the pension settlement to  
23 Clinton." Do you see that?

24 A. Yes.

25 Q. Okay. Is that referring to the

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1 transaction, the securities purchase agreement we  
2 just looked at?

3 A. Well, it's one part of it.

4 Q. Okay. And what is it referring to when  
5 it says "and the pension settlement to Clinton"?

6 A. The -- no, the pension settlement  
7 wasn't to Clinton. The -- Clinton was paid the fee,  
8 so there was a fee for the pension settlement paid  
9 to Clinton.

10 Q. For -- for performing services in  
11 connection with the pension settlement?

12 A. Correct.

13 Q. Okay. And then it says, "The board  
14 approved a fee equal to 15 percent of the cash  
15 consideration," what is that, "for its work on the  
16 Orix transaction"?

17 A. So I -- well, I could see what it  
18 said. What's the question?

19 Q. Well, first of all, I guess who  
20 negotiated that -- or strike that.

21 How was the 15 percent fee determined?

22 A. It was discussion between myself and  
23 Daniel Strauss, and the board of directors  
24 ultimately approved.

25 Q. How would you characterize that fee?



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1 Is it an advisory fee, a success fee? How would you  
2 describe the fee described in there?

3 A. Well, they char- -- characterize it as  
4 a success fee in the document. If the Orix  
5 transaction had not closed, or if we had not settled  
6 -- if GlassBridge had not settled with PBGC,  
7 probably wouldn't have gotten that fee, so I think  
8 it's reasonable to call it a success fee.

9 Q. Okay. And how was it negotiated, that  
10 fee, that 15 percent fee, success fee?

11 A. I think we just looked at what was  
12 customary or what was reasonable under the  
13 circumstances, and it was reasonable to me and  
14 reasonable to the board.

15 Q. Okay. And -- and which side of the  
16 transaction were you on: The Clinton Group or the  
17 GlassBridge side?

18 MR. SACK: Objection to form.

19 A. Well, I was on the Clinton Group side.

20 Q. Okay. And in terms of -- who else was  
21 on the Clinton Group side in terms of negotiating  
22 the success fee of 15 percent that we -- that's  
23 reflected here?

24 A. Only me.

25 Q. And how about on the GlassBridge side;

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1 who participated on behalf of GlassBridge and agreed  
2 to the 15 percent success fee reflected here?

3 A. Okay. So I'm not exactly sure I  
4 remember the timing because this says on September  
5 13, so I'm not sure if there was a percentage  
6 negotiated or -- or -- because the Orix transaction  
7 happened -- I'm not exactly sure when the Orix  
8 transaction closed. But in terms of the  
9 negotiation, it was ultimately between me and the  
10 board.

11 Q. And -- and in terms of the -- the 2  
12 million 600 -- I believe it's -- I can't read it  
13 that well. Either 655 or 635,000.

14 A. Yeah.

15 Q. 2,635,000. Was that success fee paid?

16 A. Yes.

17 Q. Okay. And the transaction closed?

18 A. Yes.

19 Q. Do you know when that -- when that  
20 happened?

21 A. When it was paid, or when it closed?

22 Q. When it closed.

23 A. I think it was -- it was right around  
24 this time. I don't know if it was -- the actual  
25 close was October 1, but, you know, there was a long

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1 period of time where the -- the deal was effectively  
2 done, subject to documentation, so I'm not really  
3 sure of the dates, but it was right around this  
4 time.

5 Q. Was anyone from Sport-BLX advised about  
6 this transaction with Orix?

7 A. Well, "advised"? Joe De Perio knew  
8 about it because he was on the board of GlassBridge,  
9 but I don't think anybody at Sport-BLX was -- people  
10 knew about it, so I'm not sure what you mean by  
11 "advised."

12 Q. When you say "people knew about it,"  
13 people on the Sport-BLX side knew about this  
14 transaction?

15 A. Well, --

16 Q. Other than you and Mr. De Perio.

17 MR. SACK: Objection to form.

18 A. I don't re- -- I don't recall at this  
19 time who was on the Sport-BLX board and who may have  
20 known about this, but in terms of advising them,  
21 Sport-BLX was completely unrelated to this  
22 transaction.

23 Q. Okay. And -- and the same thing in  
24 terms of the Clinton Group getting a success fee  
25 with this transaction: There was no need, in your

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1 view, to inform anybody at Sport-BLX about it?

2 A. Sport-BLX had nothing to do with it,  
3 so it was a separate transaction.

4 Q. Okay. Now, in October, this -- this,  
5 as we saw, the securities purchase agreement at  
6 least was dated in September of 2019. In October of  
7 2019 did GlassBridge make an investment in  
8 Sport-BLX, an additional investment in Sport-BLX?

9 A. Yes, I believe they did.

10 Q. Okay. Now, as of October 2019, before  
11 this additional investment, how much had GlassBridge  
12 invested in Sport-BLX?

13 A. Their original investment from the  
14 beginning was about a million dollars -- was a  
15 million dollars. And then they may have made a  
16 small additional investment in September, and then I  
17 think they made another investment in October.

18 Q. Do you recall how much -- well, first  
19 of all, do you recall how did the September  
20 transaction come about?

21 A. I don't recall. They -- I think -- I  
22 don't recall the specifics. I think -- I think  
23 GlassBridge may have done two transactions. They  
24 may have added some money to ARRIVE, its other  
25 company, and they added some money to Sport-BLX.

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1 Q. The September transaction, would that  
2 have been approved by the Sport-BLX board, the sale  
3 of the -- of the stock to GlassBridge?

4 A. I don't know if that was something  
5 that was specifically approved by the board.

6 Q. Okay. Do you have any -- do you have  
7 any recollection as to the price per share for the  
8 -- for the September purchase by GlassBridge of --  
9 of Sport-BLX stock?

10 A. I think the purchase was \$263.00 a  
11 share with some cents, somewhere around there.

12 Q. Okay. And on what basis did -- who  
13 made that determination as to the price per share to  
14 sell -- and this was Sport-BLX selling its shares to  
15 GlassBridge, correct?

16 A. Sport-BLX was creating new shares and  
17 issuing them to GlassBridge, yes.

18 Q. Okay. And how did -- how was the --  
19 the price of approximately \$263.00 a share, how was  
20 that arrived at?

21 A. It was the price that equated to about  
22 a \$35 million valuation of the company pre-money.

23 Q. Okay. So I believe when we -- we were  
24 talking about the second round, you had talked about  
25 a valuation of about 200 a share, which was based on

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1 a \$25 million valuation, correct?

2 A. Yes.

3 Q. Okay. So what had changed with respect  
4 to the company between the spring of 2019 and  
5 September that justified the increased valuation to  
6 \$35 million?

7 MR. SACK: Objection to form.

8 A. Well, GlassBridge's investment was --  
9 and the valuation that GlassBridge used was somewhat  
10 unrelated to the -- the ongoing operations of the  
11 business.

12 Q. How so?

13 A. So Orix wanted to make a loan to  
14 GlassBridge -- I apologize -- to Imation. They  
15 wanted to buy stock and make a loan to Imation with  
16 the ultimate goal of acquiring Imation for the  
17 purpose of acquiring the net operating losses of  
18 Imation. They didn't care at all about Sport-BLX,  
19 they didn't care about the Levies, they wanted the  
20 NOLs.

21 THE REPORTER: They wanted the...

22 THE WITNESS: Net operating losses, or  
23 NOLs.

24 Q. So I'm trying to understand where --  
25 how -- so what is that -- how does that relate to

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1 the \$263.00 per share, which was based on a \$25  
2 million valuation?

3 A. No, I think the 263 was --

4 MR. SPIRO: 35 million.

5 A. -- was based on 35 million.

6 Q. I'm sorry. 35 million.

7 A. And there were a couple of independent  
8 investors earlier that had come in at that  
9 valuation, I think in late June, early July, but the  
10 GlassBridge -- the Orix transaction really was a  
11 two-part transaction, and the second part was  
12 scheduled to happen sometime in 2020, and it was in  
13 GlassBridge's interest to get more assets on the  
14 balance sheet. That's why it purchased more.

15 Q. Okay. I'm -- I'm still not following  
16 you. You -- you said a few things there.

17 A. Okay.

18 Q. The -- the GlassBridge purchase of  
19 additional shares in September was at \$263.00 a  
20 share based on the \$35 million valuation, correct?

21 A. That's how -- that equates to a \$35  
22 million valuation, so that's correct.

23 Q. Okay. And that valuation was based, in  
24 part, on what other investors had been willing to  
25 pay more recently, like in late June or early July,

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1 and that's what that valuation was based, in part,  
2 on?

3 A. Correct.

4 Q. Okay. And in terms of the -- the \$35  
5 million valuation, it wasn't based on new  
6 projections or new pro formas or anything like that;  
7 it was rather based on what investors were willing  
8 to pay at the time?

9 MR. SACK: Objection to form.

10 A. In June/July, or when GlassBridge did  
11 it?

12 Q. When GlassBridge did it, that -- that  
13 -- that \$263.00 per share.

14 A. When GlassBridge did it, it was really  
15 based on the valuation of the loan that Orix made to  
16 Imation.

17 Q. That's -- that's true for the September  
18 purchase?

19 A. I think it's pretty close, yeah.

20 Q. Okay. And you indicated that a second  
21 stage of the transaction was contemplated?

22 A. Yes.

23 Q. What was that second stage?

24 A. To buy more of the stock and  
25 potentially loan more money to Imation.



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1 Q. Buy more of what stock?

2 A. Imation stock.

3 Q. And again, was that with the goal of  
4 taking over the net operating losses?

5 A. Taking over the company, which had  
6 NOLs.

7 MR. PEARLSON: If we can show him  
8 Hall-51.

9 (Exhibit Hall-51, Three-page Written  
10 Consent of Board of Directors of Imation Enterprises  
11 Corp. dated October of 2019 Bates stamped  
12 GBE\_0011474 through 11476, is marked for  
13 identification.)

14 Q. And Mr. Hall, just to be clear, the  
15 transaction we were talking about -- just talking  
16 about, you believe that took place in September of  
17 2019?

18 A. I think there was one in September and  
19 one in October.

20 Q. Okay. And the one in September, I  
21 believe you indicated you don't think it was  
22 necessarily approved by the -- the board of  
23 Sport-BLX?

24 A. In general, I don't think we approved  
25 the new investors. We -- other than management's

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1 approval, I don't think that was a board -- I don't  
2 recall. I don't think there were board approvals of  
3 new investments.

4 Q. Okay. So in terms of new investments,  
5 is it fair to say it was left to you and  
6 Mr. De Perio in your discretion in terms of the --  
7 the share price and the transactions?

8 A. Well, it was certainly left to  
9 De Perio and I to represent to the board what we  
10 thought the value of the company was. When I say I  
11 don't think it was a board action, I don't think we  
12 approved and took a yes or no vote on it, but the  
13 board was apprised of capital transactions along the  
14 way.

15 Q. And -- and at this time was -- was  
16 Sport-BLX still in need of capital injections such  
17 as the ones that -- such as the one that was  
18 presented by the sale of the shares to GlassBridge?

19 MR. SACK: Objection to form.

20 A. Well, at this time I think -- or  
21 around this time GlassBridge agreed to loan money to  
22 Sport-BLX through a demand note, so I think with  
23 that, the need for capital was -- through the  
24 historical equity raises was less critical, but  
25 certainly it's always important to try to raise

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1 capital.

2 Q. When did the loan take place with the  
3 demand note in relation to the purchase of -- by  
4 GlassBridge of the stock in September?

5 A. I don't recall the date.

6 Q. Okay. Do you recall what month it was?

7 A. I don't recall. It was -- it was  
8 around this time, but I don't recall.

9 Q. Do you recall that in October  
10 GlassBridge made another investment through the  
11 purchase of Sport-BLX shares?

12 A. Yes. I think I just said that.

13 Q. Okay. Can you look at what's been  
14 marked Hall-51 for identification? And I'm just  
15 going to ask you to turn to -- it's Bates stamped  
16 GBE\_0011474 through -- I'm sorry. Hold on one sec.  
17 Through 11476.

18 A. Okay.

19 Q. First question I had for you, this is a  
20 Written Consent of Board of Directors of Imation.  
21 Do you see that?

22 A. Yes.

23 Q. And -- and this is reflecting a  
24 purchase of Sport-BLX common stock. Do you see that  
25 on the second page?

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1 A. Yes.

2 Q. Now, this was -- this was a purchase by  
3 Imation as opposed to GlassBridge?

4 A. Yes.

5 Q. Okay. And do you know how this  
6 transaction came about?

7 A. There -- I don't recall. There was  
8 some -- I don't recall what it was, but there was  
9 some event that led to some capital in Imation that  
10 they wanted to reinvest. I don't recall the -- the  
11 -- specifically what it was.

12 Q. And do you know who from Imation had  
13 the idea of buying Sport-BLX stock?

14 A. Well, Imation had a separate board of  
15 directors. Daniel Strauss was on the board, along  
16 with the Imation -- the Orix representative, so I  
17 don't recall whose idea it was at Imation, but at  
18 Sport-BLX it was always my idea that people invest  
19 more capital --

20 Q. Do you know --

21 A. -- and Joe's idea.

22 Q. -- whether Daniel Strauss had -- had  
23 any role in initiating this transaction, the  
24 transaction reflected in this document?

25 A. Well, all the directors had a role in

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1 it, yes.

2 Q. Okay. And -- and do you -- did this  
3 transaction actually go forward, the sale of 1,681  
4 shares of common stock at a price of 346?

5 A. And what's the date? October 2'19.

6 So I -- I don't know if this is the  
7 September or the October purchase. I think there  
8 were two. So --

9 Q. Well, it says --

10 A. October. October.

11 Q. Okay. And -- and was this the October  
12 purchase that you were just referencing before in  
13 your testimony; it's by Imation instead of  
14 GlassBridge?

15 A. Yes.

16 Q. Okay. And Imation was purchasing these  
17 shares directly from Sport-BLX, correct?

18 A. Yes.

19 Q. And in terms of the price, this is  
20 \$346.00 per share?

21 A. Yes.

22 Q. Do you have any idea how this price was  
23 arrived at?

24 A. I think that equates to a price of  
25 about \$50 million for the entire company pre-money.

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1 Q. Okay. And again, do you have any idea  
2 as to why the valuation of 50 million was justified  
3 at this point in time in October of 2019 as opposed  
4 to the \$35 million valuation we just saw?

5 A. So Orix -- I don't know the inner  
6 workings of Orix, but basically I think Orix  
7 suggested that they were going to make a loan to  
8 Imation, and they were going to use different  
9 valuations for different pieces of collateral. One  
10 of those pieces of collateral was Sport-BLX,  
11 Incorporated shares, and I think between them and  
12 their outside consultant they agreed that a loan at  
13 the valuation of 50 million was what they were going  
14 to do.

15 Q. Did you -- did you, being Sport-BLX,  
16 give any materials to Orix to make that  
17 determination?

18 A. Orix did a lot of due diligence on the  
19 company, yes.

20 Q. Are you saying that the -- Orix made  
21 the determination that the price of \$346.00 per  
22 share was acceptable?

23 A. Orix made the determination that that  
24 was as much money as they could loan to the company  
25 based on that collateral.

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1 MR. PEARLSON: Okay. Why don't we  
2 take a quick break now?

3 THE VIDEOGRAPHER: It is 5:12 p.m. We  
4 are going off the record.

5 (Recess taken from 5:12 to 5:23 p.m.)

6 THE VIDEOGRAPHER: It's 5:23 p.m. We  
7 are back on the record.

8 BY MR. PEARLSON:

9 Q. Mr. Hall, as of the fall of 2019 what  
10 -- what was the interest you held in Sport-BLX  
11 personally?

12 A. I think somewhere around 49 percent.

13 Q. And what was the interest that  
14 Mr. De Perio held in Sport-BLX around the fall of  
15 2019?

16 A. Probably something in the twenties. I  
17 don't know exactly.

18 Q. Did there come a time when you and  
19 Mr. De Perio discussed the possibility of selling  
20 your personal shares to GlassBridge?

21 A. Yes.

22 Q. Okay. And when did that come about,  
23 those discussions?

24 A. In the early part of December of 2019  
25 or the middle part of December. I don't recall the

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1 date.

2 Q. And do you recall who initiated those  
3 discussions? Was it GlassBridge came to you to buy  
4 your shares, or did you go to GlassBridge to sell  
5 your shares?

6 A. I went to GlassBridge.

7 Q. You went to GlassBridge? And why did  
8 you want to sell your shares as of December of 2019?

9 A. It occurred to me that there were some  
10 significant advantage or advantages for Sport-BLX,  
11 Inc. to -- if -- if they were -- if GlassBridge  
12 owned the majority of the company, and so there were  
13 a number of advantages for Sport-BLX, Inc., and then  
14 there were a number of advantages for GlassBridge,  
15 so it seemed like a transaction that benefited both  
16 parties.

17 Q. Okay. So you were doing it -- you were  
18 selling your personal shares to benefit both  
19 GlassBridge and Sport-BLX? That's what you were  
20 doing?

21 A. Well, ultimately I was -- the goal was  
22 to benefit Sport-BLX, but of course GlassBridge is  
23 not going to do it for the benefit of Sport-BLX  
24 without some benefit to GlassBridge, so I obviously  
25 look at the benefit to GlassBridge when I suggest to



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1       them that they consider an opportunity.

2               Q.       Okay. So first in terms of the  
3       transaction, who did you approach from GlassBridge  
4       about this potential transaction in December?

5               A.       Most likely Daniel Strauss and --  
6       yeah, Daniel Strauss.

7               Q.       And in terms of selling your personal  
8       shares in Sport-BLX, why did you want to sell your  
9       personal shares in Sport-BLX as opposed to selling  
10      Sport-BLX shares to GlassBridge?

11              A.       Well, Sport-BLX didn't have any shares  
12      to sell. It would have to create and issue new  
13      shares. Is that what you're talking about?

14              Q.       Yeah. Why -- why wouldn't you have  
15      done that?

16              A.       That seems like -- it doesn't seem  
17      appropriate, and certainly was nothing we had ever  
18      represented, nor was it anything that any  
19      shareholder ever expressed any interest in.

20              Q.       So if -- for example, why, if you were  
21      looking for capital for Sport-BLX, wouldn't you  
22      issue new shares to GlassBridge?

23              A.       It would have been a -- I think a  
24      terrible deviation from what the business plan was.

25              Q.       Okay. And in what respect?

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1           A.       Well, people signed on for a  
2       sports-related venture capital company. They didn't  
3       sign on to be a corporate debt holder of a public  
4       company that could be on the verge of bankruptcy at  
5       any time.

6           Q.       And in terms of the -- you know, you  
7       spoke about the significant advantages to Sport-BLX  
8       as a result of you selling your shares. Was it also  
9       were those advantages only realized if you and  
10      Mr. De Perio sold your shares together?

11          A.       No, I think the advantages were if  
12      GlassBridge got up to a number higher than 50  
13      percent. Whether the shares came from me or Joe  
14      didn't matter.

15          Q.       Can you describe for us what you  
16      perceived as the advantages to Sport-BLX by you  
17      selling your shares to GlassBridge?

18          A.       Well, there are a lot of them, and if  
19      you go back to the FAQs, I think we talked about an  
20      ultimate potential exit as being an IPO, so you  
21      could look at this as a first step towards an IPO.  
22      Second of all, GlassBridge, by taking a majority  
23      ownership of Sport-BLX, would ultimately be taking  
24      responsibility for doing all the financials and  
25      consolidating those financials on the public

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1 GlassBridge shares -- GlassBridge financial  
2 statements. So that's an advantage for Sport-BLX  
3 because it relieved us of accounting responsibility.  
4 Public companies are known and viewed to have the --  
5 you know, the highest standard of care when it comes  
6 to accounting, and so that could be a potential  
7 advantage to Sport-BLX, Inc. if there was ever a --  
8 another transaction to do having those quality --  
9 that quality of financials. The -- so -- and, you  
10 know, there were a number of other -- other  
11 advantages, I think, for -- for Sport-BLX, but it  
12 was really the first step towards reverse merger  
13 slash IPO.

14 Q. Okay. When you say "reverse  
15 merger/IPO," what would happen in that transaction  
16 that you just described?

17 A. Well, if we did a complete IPO, that  
18 -- well, an IPO is taking a private company and  
19 making it public. If GlassBridge bought a hundred  
20 percent of the company, then the company would be a  
21 wholly-owned subsidiary of GlassBridge, or if they  
22 bought 50 percent, they -- it would be a  
23 consolidated affiliate and take care of all the  
24 accounting and the public company documents, public  
25 company reporting. So by doing this amount, it

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1 actually -- it really kind of made GlassBridge  
2 beholden to Sport-BLX to be sure that Sport-BLX was  
3 successful. And the biggest advantage to  
4 GlassBridge was the fact that it was another asset  
5 with a high valuation on its balance sheet for the  
6 next part of the Orix transaction.

7 So Orix wanted to -- as crazy as it  
8 sounds, Orix wanted to put as much money into  
9 Imation as it could so that it could get control of  
10 the NOLs, and this was just an asset that was  
11 readily available that they understood that we could  
12 put on the balance sheet of Imation to help with the  
13 part two of the Orix transaction.

14 Q. Why didn't you just propose a merger  
15 between GlassBridge and Sport-BLX that included all  
16 the shareholders?

17 A. That would have been bad for other  
18 shareholders. It's -- it's a transaction that would  
19 have first been difficult to explain, and second of  
20 all, it wouldn't have been in their interest, and I  
21 wouldn't have recommended it, and if they did it,  
22 and it didn't work out, it would be based on the  
23 information I gave them. So it was -- it was a bad  
24 transaction, in my view, for the other shareholders.

25 Q. Did you advise anybody on the Sport-BLX

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1 board other than Mr. De Perio of these discussions  
2 you were having with GlassBridge about selling your  
3 personal shares to GlassBridge?

4 A. I don't recall -- excuse me. I don't  
5 -- I don't recall what discussions I had with the  
6 board members.

7 Q. When you approached Mr. Strauss -- or  
8 who else did you speak with besides Mr. Strauss  
9 about this potential transaction in which  
10 GlassBridge would purchase your shares as well as  
11 Mr. De Perio's?

12 A. Well, we talked about it to the board  
13 of directors of GlassBridge.

14 Q. Did you make a presentation to the  
15 board of directors of GlassBridge concerning this  
16 potential transaction?

17 A. Verbal. Verbal presentation, yeah.

18 Q. You didn't give them any written  
19 materials of any kind?

20 A. We might have. I don't recall.

21 Q. Do you recall when that -- was it at a  
22 formal board meeting?

23 A. No, it was a special board meeting of  
24 the GlassBridge shareholders in December of 2019.

25 Q. Okay. And prior to that board meeting

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1 had you already had negotiations with GlassBridge  
2 about the -- with representatives of GlassBridge  
3 concerning the potential terms of the sale of your  
4 shares and Mr. De Perio's shares?

5 A. I think those discussions happened  
6 over the course of a day or two, so I don't know  
7 what you mean by "prior."

8 Q. Okay. Well, did you -- let me ask you  
9 this. When you came to GlassBridge with this  
10 potential transaction did you propose terms --

11 A. Um-hum.

12 Q. -- when you came to them?

13 A. Yes.

14 Q. And what were the proposed terms?

15 A. That they initiate a purchase of  
16 enough shares to get them over 50 percent, and that  
17 they pay as little as possible in cash with as much  
18 debt as possible.

19 Q. And that was your proposal to them,  
20 generally?

21 A. Yes.

22 Q. All right. Did you -- did you have any  
23 specific numbers to present to them in terms of the  
24 price per share in terms of cash and the amount of  
25 debt?

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1           A.       Well, I don't want to get into legal  
2 things, and a lot of it is just relying on  
3 experience, but to have a transaction be  
4 appropriate, withstand scrutiny, there has to be a  
5 certain amount of equity. Can't be zero equity and  
6 all debt. So kind of the benchmark that I've used  
7 historically is 10 percent equity makes the debt  
8 look like what's called true debt, and I'm taxing  
9 some of my memory on the accounting stuff.

10                   So the idea was that GlassBridge could  
11 acquire as much of the -- of the -- of this number  
12 of shares they were going to buy with as little cash  
13 and as much debt as possible. That's what we were  
14 targeting.

15           Q.       Okay. And who negotiated those deals  
16 on -- that transaction on behalf of the GlassBridge  
17 side of the equation?

18           A.       Well, we presented it to Daniel,  
19 Daniel presented it to the board, and the board  
20 deliberated. I don't really know what was said.  
21 Joe recused himself, and then ultimately within a  
22 day or so the board agreed that they wanted to do  
23 the transaction.

24           Q.       So did the board agree to the terms you  
25 presented to the board?

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1           A.       I don't recall if there was any  
2 negotiation, but the basic terms of the price, we  
3 wanted it to be consistent with Orix's loan and  
4 understanding of the -- of the -- the previous  
5 transaction, with the -- the numbers used in the  
6 previous transaction. We wanted that to be the same  
7 for the part two of the transaction, and we wanted  
8 as little cash as possible, so I think ultimately  
9 there wasn't much to negotiate.

10                   MR. PEARLSON: Can we show him  
11 Hall-52?

12                           (Exhibit Hall-52, Two-page Minutes of  
13 the Regular Meeting of the Board of Directors of  
14 GlassBridge Enterprises, Inc. dated December 9,  
15 2019, Bates stamped GBE\_0009062 and 9063, is marked  
16 for identification.)

17           Q.       Let me ask you this, Mr. Hall. Were  
18 there any documents or correspondence exchanged  
19 between you and Mr. Strauss or any representatives  
20 of GlassBridge before the deal was presented to the  
21 GlassBridge board?

22                   MR. SACK: Could I have the question  
23 back again, please?

24                           (Last question is read back by the  
25 court reporter.)



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1           A.       I think the question is exchanged  
2 between myself and the board or Daniel? I don't  
3 think any from myself.

4           Q.       And did -- do you recall if you  
5 presented a price per share for the equity side of  
6 the -- of the deal?

7           A.       I think the price per share was around  
8 the previous investment, as well as our  
9 understanding of -- of Orix's internal valuation of  
10 the company.

11          Q.       Okay. And did you -- to be clear, did  
12 you present that price per share to GlassBridge?

13          A.       I don't know if I presented it or if  
14 it was just mutually agreed to, but both parties  
15 knew what the target was.

16          Q.       Okay. What was the target?

17          A.       To be consistent with Orix's  
18 understanding of the value of the company, of the  
19 previous transaction, and to set up GlassBridge to  
20 do the second part of this transaction at as high a  
21 value as possible.

22          Q.       Okay. So if you could break it down,  
23 so in terms of to be consistent with the Orix  
24 transaction, what was the value per share that you  
25 were talking about with GlassBridge?

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1           A.       The price per share with GlassBridge  
2       was about 355 or 356.

3           Q.       Okay. And then is that what was agreed  
4       upon as to the equity part of the deal?

5           A.       The equity part of the deal was, I  
6       believe, \$35.00 a share.

7           Q.       Was what?

8           A.       The equity part of the deal was \$35.00  
9       a share. The cash part of the deal. Is that what  
10      you meant by the --

11          Q.       Yes.

12          A.       Yeah, \$35.00 a share.

13          Q.       And the rest of the -- so the total  
14      share price was 355 --

15          A.       Right.

16          Q.       -- broken down by equity and debt?

17          A.       Correct.

18          Q.       Now, if you could look at what's been  
19      marked as Hall-52 for identification. This is  
20      minutes from the -- from GlassBridge's board of  
21      directors meeting on December 9, 2019. It's been  
22      Bates stamped GBE\_0009062 through 9063.

23                    The -- the first thing I want to ask  
24      you is it reflects here that Daniel Strauss was the  
25      CEO and chief operating officer of GlassBridge at

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1 the time. Do you see that?

2 A. I'm sorry. Where is that?

3 Q. It says "Also present at the meeting."

4 A. Yes.

5 Q. Was that Mr. Strauss' title with  
6 GlassBridge at this time?

7 A. Well, ultimately, although below,  
8 where it says "Daniel Strauss Employment," there  
9 were some terms that were being negotiated, but it  
10 is clear that the intention was to make -- for him  
11 to be the chief executive officer and the chief  
12 oper- -- chief operating officer, and that he had  
13 resigned from Clinton Group.

14 Q. Why did he resign from the Clinton  
15 Group?

16 A. To become the chief executive officer  
17 of GlassBridge.

18 Q. Did it have anything to do with the  
19 declining business of Clinton Group and the  
20 refocusing?

21 A. No.

22 Q. And it says here on Office Move,  
23 "Management informed the board that the company's  
24 office is moving to a smaller office."

25 Does that have anything to do with the

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1 problems that Sport-BLX or the Clinton Group was  
2 having with the space located at 510 Madison Avenue?

3 MR. SACK: Objection to form.

4 A. Well, I don't keep the minutes of the  
5 GlassBridge meeting, I wasn't in the meeting, so I  
6 don't know specifically what they're referring to in  
7 terms of a smaller office, and Ms. Sersea, serving  
8 as secretary of the meeting, probably doesn't think  
9 about these types of subtleties, but at this time  
10 there was -- this was around the time that we had  
11 tried to renegotiate -- Clinton had tried to  
12 renegotiate with World Gold, and they had reneged on  
13 the deal, so I'm not sure if it was 12/12, but it  
14 was around that time. So...

15 And also at this point, GlassBridge  
16 taking on these employees, GlassBridge would be  
17 responsible for providing office space. So I think  
18 at this point GlassBridge was considering  
19 independently moving to a smaller office because  
20 they had a small number of employees.

21 Q. Okay. Now, it says here, if you look  
22 to the second page, it says, "The meeting continued"  
23 and -- and -- first of all, it says, "Mr. De Perio  
24 excused himself and left the meeting."

25 Do you understood -- did you understand

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1 that he left the meeting because of a perceived  
2 conflict in the transaction that was being  
3 discussed?

4 MR. SACK: You mean did he understand  
5 at that time?

6 Q. Right. That he -- that that's why he  
7 was leaving the meeting?

8 MR. SACK: Does it show Mr. Hall was  
9 at the meeting?

10 Q. Were you -- that's a good question.  
11 Were you at this meeting?

12 A. No, I think I said earlier that I  
13 wasn't at this meeting.

14 Q. Okay. It says, "The meeting continued  
15 and management suggested to the board that acquiring  
16 additional ownership in SportBLX from," it says  
17 "Mrs.," but it -- it's -- I assume it's Messrs.  
18 "De Perio and Hall could be beneficial to the  
19 company. It would give the company voting control  
20 of SportBLX. The board asked questions, discussed  
21 and deliberated. Upon a motion duly made and  
22 seconded, the board authorized management to  
23 negotiate a transaction," again, when it says  
24 "Mrs.," but I assume it would mean Messrs. "De Perio  
25 and Hall and report back to the board."

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1 Do you know who the management is  
2 they're referring to there?

3 A. I think manage- --

4 MR. SACK: Objection to the form.

5 A. I think management was Daniel Strauss.

6 Q. Okay. And -- and in fact, it -- as of  
7 after this meeting on December 9, did you begin to  
8 negotiate a transaction for the sale of your shares  
9 and Mr. De Perio's shares to GlassBridge?

10 A. Well, at some point after this we did  
11 the transaction. I'm not sure what days the  
12 negotiation were on, but after this meeting I would  
13 assume so, yes.

14 Q. And just so, again, so I understand it,  
15 as of the date of the board meeting had you already  
16 proposed the terms for both -- well, start with the  
17 purchase price of the -- of the shares.

18 A. I don't recall if the terms had been  
19 specifically discussed at -- at this point, but I  
20 think it was known by both sides that part of the  
21 advantage was given the upcoming Orix transaction,  
22 that needed to be somewhat consistent with the  
23 previous transaction.

24 Q. Okay. And -- and had you discussed at  
25 this point, going into this board meeting on

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1 December 9, do you know whether you had already  
2 discussed the -- the breakup between the debt and  
3 the equity of the deal?

4 A. Well, I don't know if -- when you say  
5 going into the meeting, I wasn't in the meeting.  
6 You're just talking about going into December 9?

7 Q. Yeah, going into December 9.

8 A. I was somewhere else. Yes.

9 It was clear at that point that most of  
10 it would have to be debt.

11 So everything really changed when Orix  
12 did the transaction. GlassBridge was on the verge  
13 of bankruptcy, the verge of insolvency and  
14 defaulting on various obligations until the Orix  
15 transaction happened. Once the Orix transaction  
16 happened, GlassBridge had not only cash on its  
17 balance sheet, but had the ability to look at other  
18 transactions and had to focus on the second part of  
19 the Orix transaction, which is somewhat complicated.  
20 One of the -- one of the things they did along those  
21 lines was increase their position in what was then  
22 one of their -- one of the few assets that they had.

23 Q. Now, in terms --

24 A. If -- if I may, one of the things that  
25 was also important that I didn't mention before, the

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1 -- by having 51 percent or 50 percent of an  
2 operating company, it relieved GlassBridge of  
3 potential risks of becoming an investment company  
4 per the 1940 Act, which is always on the company's  
5 mind. So the big asset that they had other than  
6 Sport-BLX was ARRIVE, and Sport-BLX, because of  
7 their minority position, would be viewed as a  
8 security under the SEC's definition and the Howey  
9 test and so forth. But by taking more than 50  
10 percent, then there's exceptions to the investment  
11 company rule that that would no longer be considered  
12 a security.

13 So there were a lot of complex reasons  
14 why this was done, but it certainly helped  
15 Sport-BLX, Incorporated because it now had a  
16 well-capitalized big brother, for lack of a better  
17 word.

18 Q. And is it fair to say that you never  
19 considered including other shareholders from  
20 Sport-BLX in this transaction?

21 MR. SACK: Objection to the form.

22 A. Well, to include -- I'm quite  
23 confident that none of the shareholders, if they  
24 really understood it, would have wanted to do this  
25 transaction because it was not in their interests.



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1 Q. So the -- it's fair to say that based  
2 on your judgment, you decided not to include the  
3 other shareholders in this transaction?

4 MR. SACK: Objection to the form.

5 A. The transaction was between three  
6 parties: GlassBridge, De Perio, and myself. It had  
7 nothing to do with the company itself. As manager  
8 of the company, it's -- it's up to -- up to me to  
9 decide which -- or to present things that I think  
10 are good for shareholders, and given the information  
11 I had at the time, it was clear that this deal would  
12 not have been acceptable to any shareholders, given  
13 the most recent board meeting and valuations that at  
14 least one of the shareholders thought the company  
15 was worth.

16 Q. Okay. Mr. Hall, can you turn to --  
17 we're going to show you what's been marked Hall-53  
18 for identification. These are GlassBridge board  
19 minutes from December 11, 2019, that have been Bates  
20 stamped GBE\_0009060 through 9061.

21 (Exhibit Hall-53, Two-page Minutes of  
22 the Regular Meeting of the Board of Directors of  
23 GlassBridge Enterprises, Inc. dated December 11,  
24 2019, stamped GBE\_0009060 and 9061, is marked for  
25 identification.)

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1 Q. So Mr. Hall, this -- this is another  
2 set of board minutes from GlassBridge dated December  
3 11, 2019, and as you see, it's a board meeting where  
4 you were not present as well. Do you recall that  
5 two days after your initial -- the initial board  
6 meeting to consider your transaction that there was  
7 a subsequent board meeting?

8 MR. SACK: I'm sorry. Could I have  
9 that question again, please?

10 (Last question is read back by the  
11 court reporter.)

12 A. Actually, I'm not sure the premise is  
13 correct. I think I was in attendance at this  
14 meeting.

15 Q. You think you were -- you were present?  
16 Is there someplace --

17 A. Well, --

18 Q. -- on this -- on this document that  
19 indicates --

20 A. Well, --

21 Q. -- that you were present at that  
22 December 11 board meeting?

23 A. "The board asked questions and  
24 discussed the opportunity to purchase shares in  
25 Sport-BLX from George Hall and Joe De Perio," so

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1 it's a little -- it's not totally clearly written,  
2 but this may have been the meeting where Joe and I  
3 answered questions from the board.

4 Q. How many -- how many meetings did you  
5 and Mr. De Perio attend of the -- of the GlassBridge  
6 board where you were asked and answered questions?

7 A. Just one.

8 Q. Okay.

9 A. For me. I don't -- I don't know about  
10 Joe De Perio.

11 Q. Okay. And again, this -- this  
12 indicates that you weren't there?

13 A. I assume that -- I'm not sure. It  
14 says "The board asked questions," and at the end it  
15 says "from George Hall and Joe De Perio."

16 MR. SACK: I think the reference is to  
17 who was present at the meeting up here. I think  
18 that's maybe --

19 THE WITNESS: Oh.

20 MR. SACK: -- what Mr. Pearlson is  
21 referring to.

22 A. Okay. This -- I was not there.

23 Q. Okay. Do you recall what discussions,  
24 if any, took place between you and representatives  
25 of GlassBridge concerning the potential purchase of

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1 your shares and Mr. De Perio's shares between  
2 December 9 and December 11?

3 A. I don't specifically recall what  
4 occurred between the 9th and the 11th.

5 Q. Had you agreed upon terms at that  
6 point?

7 A. I don't recall when the terms were  
8 agreed to.

9 Q. Had you drafted any documents for -- in  
10 contemplation of the proposed transaction?

11 A. I did not draft any documents.

12 Q. Did you present -- in connection with  
13 the December 11 meeting, did you present the  
14 GlassBridge board with any documents or materials to  
15 consider in their deliberations?

16 A. Well, I think -- I think it was said  
17 before that I wasn't at the meeting.

18 Q. No, I know, but the question is are you  
19 aware of either yourself or Mr. De Perio giving any  
20 written materials or -- for the board to consider in  
21 conjunction with the proposed transaction that you  
22 were discussing with GlassBridge?

23 A. I'm confident I didn't give them any  
24 written material. I'm -- I don't know if Joe did,  
25 but very likely not.

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1 Q. Did you use counsel in connection with  
2 this transaction?

3 A. No.

4 Q. Did -- who drafted the documents --  
5 well, strike that.

6 First of all, ultimately did you reach  
7 a deal with GlassBridge to sell your shares and  
8 Mr. De Perio's shares?

9 A. I reached a deal with GlassBridge to  
10 sell my shares. Mr. De Perio reached a deal with  
11 GlassBridge to sell his shares.

12 Q. And who drafted the documents that were  
13 used to memorialize that transaction?

14 A. I believe it was Loeb & Loeb.

15 Q. Okay. And who retained Loeb & Loeb for  
16 that purpose?

17 A. GlassBridge.

18 Q. Okay. And do you recall when they  
19 first drafted the documents? When you first saw the  
20 drafts of documents?

21 A. I don't recall.

22 MR. PEARLSON: Okay. Why don't we  
23 break here, and this is a good breaking point, and  
24 we'll have to have another day where we do a few  
25 hours by Zoom, and we'll be done.

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1 Okay. Thank you, Mr. Hall.

2 THE WITNESS: Thank you.

3 THE VIDEOGRAPHER: It's 5:52 p.m.

4 We're going off the record.

5 (Deposition concluded at 5:52 p.m.)

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CERTIFICATE OF DEPONENT

I have read the foregoing transcript of  
my deposition and except for any corrections or  
changes noted on the errata sheet, I hereby  
subscribe to the transcript as an accurate record  
of the statements made by me.

\_\_\_\_\_  
GEORGE HALL

SUBSCRIBED AND SWORN before and to me  
this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission expires:

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## C E R T I F I C A T E

I, MARGARET VOLLMUTH-CORSON, a Certified Court Reporter of the State of New Jersey, DO HEREBY CERTIFY that, prior to the commencement of the examination, GEORGE HALL was reminded of his oath to testify to the truth, the whole truth, and nothing but the truth.

I DO FURTHER CERTIFY that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time and place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action and that I am neither a relative nor employee of such attorney or counsel and that I am not financially interested in this action.



MARGARET VOLLMUTH-CORSON, C.C.R. 30XI00158400

This transcript was prepared in accordance with N.J.A.C. 13:43-5.9.



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VERITEXT/NEW YORK REPORTING, LLC

WITNESSES' NAME: George Hall

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Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

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